Advice Manual for the Organisation of Collective Marketing Activities by Small-Scale Farmers

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Advice Manual for the Organisation of Collective Marketing Activities by Small-Scale Farmers

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Acronyms

AT (U)	Appropriate Technology (Uganda)
CBOs	Community Based Organisations
CDO	Cotton Development Organisation
CEDO	Community Enterprise Development Organisation, Rakai
CMIS	Commodity Market Information Service, London
CPHP	DFID Crop Post-Harvest Programme
DFID	United Kingdom Department for International Development
FAO	Food and Agriculture Organization of the United Nations
GoU	Government of Uganda
ICT	Information and Communication Technology
IDEA	Investment in Developing Export Agriculture, USAID funded
IITA	International Institute for Tropical Agriculture
IMT	Intermediate Means of Transport
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MFI	Micro-finance Institution
MIS	Market Information Service
NAADS	National Agricultural Advisory Services
NALG	Nakisenhe Adult Literacy Group, Iganga
NARO	National Agricultural Research Organisation
NGOs	Non-governmental Organisations
NRIL	Natural Resources International Ltd
NRI	Natural Resources Institute, University of Greenwich
PMA	Plan for Modernization of Agriculture
PRA	Participatory Rural Appraisal
RATIN	Regional Agricultural Trade Intelligence Network
SAARI	Serere Agricultural and Animal Production Research Institute
SPs	Service providers
TFG	Transport Forum Group, Kampala
UGT	Uganda Grain Traders Ltd.
UOSPA	Uganda Oilseed Producers and Processors Association
USAID	United States Agency for International Development
WFP	World Food Programme
WRS	Warehouse Receipt Systems

Exchange Rates

£1 = USh3,100

$1 = USh1,800

(mid – 2004)

Preface

This manual is designed to assist the staff of service-providers (SPs) supporting small-scale farming communities to advise farmers on how best to work together to increase the value of the goods they sell using group marketing strategies.

The manual outlines the benefits of collective marketing and the types of strategies that could be used by different types of farming communities in Uganda. It offers a step-by step-guide on how to achieve these aims beginning with suggestions on how to bring groups of farmers together to discuss all the issues involved.

Further guidance is offered on how the group might chose which strategies to adopt depending on their circumstances, the rights and obligations of each member and the practices needed to achieve a successful outcome. These include the use of democratic decision-making systems, the allocation of specific tasks to individual members, accurate record-keeping, the group's relationship with traders and credit providers, making use of available market information and how to negotiate with produce buyers and input providers.

Introduction

There are many farmers in Uganda who grow crops, catch fish or keep farm animals but they consume almost everything they produce. They may be able to produce only tiny surpluses to sell in the local market or to exchange for tools, medicines or other essentials.

Other farmers are capable of producing surpluses but find it difficult to transport them to a market or a roadside stall. Most farmers produce small quantities for sale but find that the local trader is only prepared to pay low prices for their goods compared with the wholesale price. As individual farmers they have little bargaining power with traders and must often accept almost any price offered.

Large-scale farmers do not suffer from these problems. They can produce large quantities of each crop of a consistent quality standard. For this reason they have no difficulty in attracting buyers and will receive the true market price for their output.

The only way small-scale farmers can compete with these large farms is to co-operate with each other to form an association or farmers marketing group. If, say, 50 farmers are able to offer for sale their combined output and take steps to make sure that it is of a standard quality, they will be able to market their goods as successfully as a large-scale farmer.

Not long ago many agricultural markets in Africa were controlled through state-operated marketing boards which fixed prices for surplus production. For that reason, there was no strong incentive for farmers to work together to sell their goods. Now that marketing activity is almost entirely in the hands of private traders, farmers are obliged to make complicated marketing decisions for themselves.

Some farmers in Africa are already adopting these collective marketing strategies and receiving the benefit of higher prices for their output. Many governments and agricultural development agencies are encouraging this type of activity but farmers need to be informed about the benefits of co-operation and how they go about setting up such systems. This will require farmers to acquire new skills and to develop closer relationships with their fellow farmers.

SPs should understand that the process of establishing farmers' associations which market their produce collectively may take many years. Educating farmers to understand how markets work, how they can earn more money by collective action and how they can put these ideas into practice may require the organisation of many group meetings, training sessions, marketing studies and opinion surveys.

Not all farmers are willing or able to form marketing associations. SPs should spend some time evaluating and deciding which groups would most benefit from forming an association and concentrating their efforts on those groups. This manual should help them make this choice.

Once a group has been chosen the SP should adopt a step-by-step approach making quite sure that the farmers know why they are carrying out each task. Farmers need to be motivated to form an association and they should know what

benefits they are likely to receive and what difficulties they are likely to incur.

Assumptions

This manual makes the assumption that the SP staff members working with the farmers on these projects are familiar with concepts such as competitive markets, the effect of supply and demand on prices, trading costs and the importance of market information. They should also have the skills to pass on such information, including fluency in the language spoken by the group, a full knowledge of their culture and are able to use participatory training techniques.

It is also assumed that the aim of these SP projects is to empower farmers groups with knowledge and training in order to enable them to organise themselves. It should not be to carry out all the functions of collective marketing on behalf of the farmers nor to make demands of them without their full agreement and participation.

Section 1

Background

Why Small Scale Farmers Should Market their Products Collectively

Improving economies of scale

Most Ugandan farmers work comparatively small plots of land and cannot, therefore, produce large volumes of surplus goods for sale. Their inability to produce larger volumes of crops means that they receive much lower prices from traders who would pay for bigger quantities. This is understandable because the traders who buy these small quantities have to bear the cost of sorting and grading each parcel in order to match it with parcels of similar quality goods. The traders may also have to weigh and re-pack the product and transport it to another market.

Small-scale farmers need to improve, what economists call, their **economies of scale.**

The obvious answer is for groups of farmers to gather their produce together and market all their products collectively. Each individual farmer may only produce one bag of maize but if 100 farmers gather together all their bags of maize in one location there will be enough to make it possible to hire a truck and sell the hundred bags at the higher bulk price. This can only be done, of course, if the farmers take on the responsibility of sorting and grading all the bags into one or a few batches which have the same quality. This will be more easily accomplished if farmers agree to plant the same variety of crop, to sow it at the same time and to adopt the same growing, harvesting and post-harvest techniques.

The most successful strategies for collective marketing include co-operation with the task of selling the goods and a high degree of collective activity right through the farming process.

Improving economies of scale implies a **division of labour** to make the whole operation more efficient. If a group of farmers decide to adopt this strategy, a small group of trusted individuals belonging to the group need to take the responsibility for selling the goods, keeping accurate records, dividing the proceeds among the individual members of the group and organising production and collection.

Cartoon: Big farmer 'enjoying' his proceeds

Bulking "Quality" Goods for Sale to a Recognised Buyer

In Uganda, most farmers sell their maize as individuals to local village traders, when they need cash. The majority of the maize is normally sold immediately after harvest, in heaps or bags. Just after harvest, the maize is typically high in moisture content, is not size graded and can contain insects and foreign matter. As the buyer is dealing with a low quality product at low volume, the price is generally also low compared with the prevailing prices for maize in the main wholesale markets. The sale of small amounts of low quality product means that farmers have very little bargaining power.

How can Service Providers assist farmers groups?

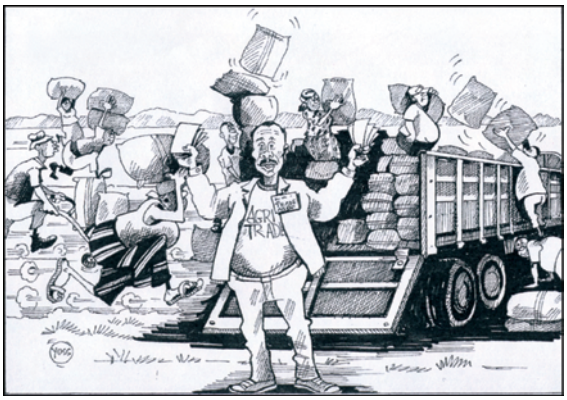
Farmers can however, improve their lot if they adopt some simple techniques. In Rakai, an organisation called Community Enterprise Development Organisation (CEDO) works with farmers to facilitate collective marketing. Farmers work together in groups of 10 up to 100 farmers particularly for sales of their produce. Farmers working with CEDO have found that when they sell their crops, such as maize or beans as lots of 1- 10 metric tonnes to known traders, they generally receive about 10-15% more income than when they sell to the local trader. When farmers are selling together, they make sure the produce is of the same standard and any poor quality produce is rejected and stones are removed. The difference in price that the farmers groups receive from selling larger amounts together more than pays for the sorting that they do to the produce before the sale.

What does this mean for the farmers

For Moses Balikova, President of the Nakasenyi Adult Learners Group, (NALG), based in Iganga district, the new initiative from the World Food Programme (WFP), means that the group can start to shift into a significantly more commercial approach. In the last season of 2003, the NALG group supplied 100 mt to WFP at a price of $185 / mt. The price for ungraded, unfumigated maize being sold to local traders at that time was $ 100 / mt. The group clearly incurs additional costs for cleaning, sorting and packaging the grain, costing $5-7/ mt. The cost of fumigation was approximately $3 / mt. In this case the group is gaining more than 50% compared to local market prices. The group has both invested and received a grant from a local NGO to assist with drying and grading their products and hope to sell at least 200 mt to WFP in the next season.

Lowering transaction costs

Bulking up small parcels of produce into truck-loads of goods offers farmers the possibility of selling their goods outside their immediate location. Traders want to make as large a profit as possible. If farmers have access to very few traders and they do not know the true, market price, they are at a disadvantage. In some countries traders will sometimes collaborate with each other to offer the same low price to local farmers. If farmers have a large stock of goods to sell they can hire transport for themselves and they can travel to more distant markets to find traders who pay better prices than local traders.



Cartoon: Cash payment attracting supply

If farmers are able to **cut out the middleman** by trading with a larger scale trader based in, say, a large town, rather than selling to a small, local trader, then some of these local traders may go out of business. If there are fewer traders, acting as intermediaries between the farmer and the consumer, the farmer and the consumer will benefit because it will lower transaction costs. This is because each remaining trader will have more business and will also be able to increase their economies of scale. If traders have lower costs, they can pay more to farmers and sell at a lower cost to consumers.

Increasing quality control

If all the members of a group of farmers can bring their produce together, they may be able to raise and harmonise the quality of each product. This can first be done by sorting the deliveries from each small farm into heaps or bundles of a similar quality.

Ideally, of course, the group should work towards getting each farmer to produce crops of the same quality, delivered at the same time but this will require a high degree of co-ordination.

Once similar quality goods are gathered together it may be possible to improve the overall quality by drying, sieving or hand-picking to reduce the admixture content (picking out stones, weeds, etc.). It may then be possible to test the quality (moisture content, grain size, etc.) using simple testing equipment. This will allow the farmers to offer a standard grade of produce to the trader.

Once the produce is graded it can be weighed using standard weights and packed into standard bags or bundles. (In some local markets it has become a custom not to use standard packing – in which case this step may not be necessary.)

Once the group gets a reputation for producing consistent standard grades in bundles or bags of accurate weight, larger traders will be more willing to buy from the group and pay higher prices as this saves the trader doing all this work themselves. Care must be taken, however, to maintain this type of quality control from season to season to avoid losing this high reputation.

Difference in price of poor and average quality maize

In the last season of 2003, there was a large difference between the grain from the old crop and the grain from the new crop. The difference was due to moisture content. The old maize was being sold at a moisture content of 12%, which is ideal for milling, whereas the new maize had up to 18% moisture and was therefore too wet to mill into flour.

Time of transaction – 15/11/03

Price of Export quality maize:-	
Price of good quality maize:-	258 Uganda Shillings / kilo
Price of poor quality maize:-	250 Uganda Shillings / kilo
Price of beans good quality dry:-	500 Uganda Shillings / kilo
Price of beans fair quality:-	450 Uganda Shillings / kilo

Exchange Rate (2000 Uganda Shillings / 1 $US)

Clearly, there are differences for quality grades on the market, and looked at from the other perspective, there is a considerable discount for product that is not of a formally tradable quality.

Incentive to increase production

Many farmers in Uganda do not use all their available land for production. There may be several reasons for this. They may not have enough labour to work all their land or they may not be able to afford the necessary inputs.[1]

It may also be true that they find it difficult to sell their surplus crops. Collective marketing should make marketing easier. This should have the effect of increasing the farmers' incentive to use more of their land and produce larger surpluses which will make their farms more productive and further increase the farmers' income.

Improving access to credit

Collective activity might also help farmers to obtain credit. They may be able to borrow money to buy inputs and improve their farm which, in turn, can increase their income.

Some farmers borrow money from traders but the traders usually charge high interest rates. If farmers could borrow from an established bank the rate of interest may not be so high and the farmer's bargaining relationship with the trader will be strengthened.

Banks will not lend money unless the value of the loan can be covered by the value of the assets of the person seeking the loan – known as **collateral**. In other words, if the loan is not paid back, the bank can recover the money by seizing these assets. Most African farmers have very few assets and so they are not eligible for credit.

Banks or micro-finance institutions (MFIs) are much more likely to lend money to groups of farmers. The total assets of the group may be enough to cover the loan and a binding agreement between the bank and a group of farmers is seen as a satisfactory assurance that any loans will be repaid. In addition, small loans made to many people are much more expensive to administrate by the bank than a larger loan made to a consortium of farmers. This makes large loans more attractive to the bank. Encouraging banks to make this kind of loan can be assisted if the farmers' group can make savings of their own in a secure credit union or savings scheme. Several aid agencies now assist farmers in need of credit by offering matching loans and administrative support and training but, again, they are usually only interested in offering this help to properly constituted groups of borrowers.

Many Ugandan farmers do not trust banks. They may prefer to keep their savings in the form of livestock. It may be very difficult to convince a bank or other credit provider that cattle or goats can be used as collateral for cash loans. If farmers wish to continue keeping their savings in the form of livestock, it may be possible to persuade them to buy donkeys or oxen which could help them work their farm and provide a means of transport.

Obtaining communal equipment and services

An increase in income, access to credit and the pooling of effort can help farmers to improve their farms. It is much cheaper and easier for government and development agencies to organise training and agricultural extension services for groups of farmers rather than for individual farmers. Even if all farmers find it difficult to attend training sessions, individuals from the group can pass on advice and training to their fellow group members.

Groups of farmers can also construct communally owned storage facilities. If farmers can store their products they can improve their marketing performance. Many small roads and farm tracks cannot be used by large trucks but communal storage facilities can be erected at

[1] M. Janowski, U. Kleih, and G. Okoboi (2003), Baseline Study Carried out in Five Sub-Counties of Lira District on Farmers' and Traders' Needs and Sources of Information, Project report, DFID Crop Post-Harvest Programme (CPHP) research project R8250.

access points on roads making it possible for farmers to collect products from group members into lorry-load quantities. Sorting, grading, weighing and packing facilities can also be established at these sites.

Some of the increased revenue derived from bulk sales could also be invested in forms of transport which can be used even over rough farm tracks – pack-animals, animal-drawn carts and pick-up trucks could be used to collect produce from surrounding farms for delivery to communal storage sites. The use of a communally-owned weighing machine or scales will not only help farmers to keep proper records but also enhance the price of the goods to be sold as it saves the trader from carrying out this task. Accurate weighing also avoids suspicion between buyers and sellers that weighing scales are being used incorrectly. A weighing scale can be purchased in Uganda for about US $10 – $15.

Farm inputs could also be purchased collectively. It is usually much cheaper to buy tools, seeds and farm chemicals in bulk. The purchasing power of groups of farmers will also enable them to drive a harder bargain with input suppliers – thus lowering farming costs.

A group of farmers may also be able to purchase a mobile or land-line telephone. Telephones can be used to contact potential customers, traders, market information providers and suppliers in distant parts of the country or region. They make it possible for isolated groups of farmers to negotiate sales transactions, learn about prices and market conditions in more distant places and to identify the cheapest and most appropriate sources of input supplies.

Social advantages

Some farmers have misconceptions about any form of collective activity. They are suspicious of hierarchical systems and may think that collaborative activity of this kind will be run by a small clique of people over whom they have no control and with whom they may have conflicting interests. Many efforts made to bring farmers

Cartoon: Good communication is everything

together in the past have become corrupt or become controlled by self-seeking or inefficient managers. It is important, therefore from the outset, to establish a proper **constitution** governing the activities of the group based on democratic lines (See page x). Any constitution should make sure that the group has no control over the assets of individual farmers nor should any farmer be prevented from leaving the group if they wish to.

The adoption of democratic decision-making systems to organise collective marketing can strengthen communities considerably. Although the purpose of such systems is to increase revenue from farming activity, many groups have also found that collective activity strengthens the social coherence and trust within the group. Neighbours who suffer some unforeseen problem can be assisted more easily within a group that works successfully together and the arrangement also helps groups to prioritise social improvements and to act according to those priorities.

In addition, groups of farmers are likely to be able to exercise more political influence in local government decisions and within institutions which affect their farming performance such as extension services, development agencies and farmers unions.

Local purchasing agreements for Farmer Associations from World Food Programme

In order to assist farmers, the World Food Programme (WFP) in Uganda have developed a scheme to help small-scale farmers sell maize to their buying agents. WFP normally only buys maize in consignments of at least 500 + metric tonnes and the buying contract has stringent quality and financial parameters. In regard to the physical quality requirements, the grain should achieve the following quality standard:-

WFP Grain Quality parameters

< 14.5 % moisture content,
< 5% shrivelled, diseased and discoloured grain
< 3% insect damage
< 2% broken grains
< 4% off colours
< 0.5 % foreign matter
< have a fumigation certificate and contain 0% live insects.

As such, this quality of grain is typically supplied by larger traders, who buy from smaller traders and thereafter dry, grade, clean, fumigate and repack the product. In addition to the physical requirements of trade, WFP also request all potential suppliers to submit a bidding bond, when submitting a tender to supply. This bond is used as a security by WFP, in case of supply failure or fraudulent trading and this process is also a means of separating genuine traders from "briefcase agents".

To enable farmers to compete in this market, WFP have made certain allowances. Farmers can deliver in 100 metric tonne lots. The farmers must be from a recognised group and they need to provide a sample of their maize and be able to accept payment through a bank. The associations are not required to submit a performance bond and only have to provide a financial surety bond once the supply bid has been accepted.

What is Collective Marketing?

Collective marketing plays a major role in farming throughout the world. In most countries farmers have found that they can increase their income and efficiency by joining with other farmers to market their goods, purchase their inputs and co-ordinate their farming techniques. In Bolivia 60% of chickens are marketed co-operatively. 87% of pyrethrum grown in Kenya is sold in this way and 40% of the cotton produced in Brazil is sold by farmers' associations. No fewer than 8 of the 10 largest Canadian firms are co-operatives[2]

Before looking at collective marketing in the Ugandan context it is, perhaps, worth examining the way this strategy works successfully in farming communities that have been exposed to a fully mature and sophisticated market environment for very many years – in this case in Europe. This will help us to develop a model which could be adapted for use in Uganda.

European example

Owners of small vineyards in the village of Mont Peyroux in Southern France produce grapes on their own land using their own equipment but choose to market their wine collectively with their neighbours. They have been doing this for a hundred years. They are one of thousands of grape farmer's groups operating in France and Italy. Each of their vineyards are small, a couple of hectares or less. If each of these grape farmers had to produce the wine, bottle it, design and apply labels to the bottles, put the bottles in boxes and find buyers for their individual output, they would spend so much time on the post-harvest activity they would have no time to cultivate their vineyards.

Although this group is called a co-operative, only certain types of equipment used by the group are collectively owned and only certain tasks are carried out by and on behalf of the whole group. Each farmer owns or has tenure to his or her own land. Each is likely to own their own small tractor and ancillary equipment such as a plough, trailer and spraying equipment. Each of the farmers prune their vines, grow their grapes, make sure they are not devoured by pests, harvest them and transport them to a central depot. From that point onwards, the activities of the co-operative take over.

All these farmers own a share of all the buildings, equipment and other assets of the co-operative according to the size of their contribution of grapes. The ownership of these assets are constituted legally as a co-operative but other groups of grape farmers have formed a normal private company with the farmers as shareholders.

The function of this co-operative activity is to turn the grapes into wine, sell it and distribute the proceeds to the farmers and, if the farmers agree, to invest some of the proceeds to maintain, expand, or improve the business. Some of this

[2] Co-operatives in the context of globalisation and liberalisation – Michael Cracknell – FAO 1996

work is carried out by some of the farmers but some staff, who are not co-operative members, are employed by the co-operative.

All the farmers are fully involved in the decision-making processes of the co-operative. This includes hiring the staff, establishing quality control systems for producing a good quality wine, the choice of marketing strategy, the method used to distribute the sales proceeds, etc.

The staff of the co-operative are responsible for maintaining and developing links with potential customers, designing labels, ordering bottles and other inputs, making sure that deliveries are made on time and keeping financial and administrative records. The farmers can decide just how much or how little they work collectively. For instance, they may want to buy farm chemicals in bulk through the co-operative and distribute them among themselves. Some farmers may have a direct link with a wine buyer and may wish to label some of the bottles of the co-operative differently from the others and make the sale themselves.

In France there are a number of large wine-growing estates owned by single families or commercial companies. Small farmers could not possibly compete with them on price or quality unless they adopted these collective strategies.

We can see from this example that, in order to produce a consistent quality of wine, all the farmers must grow exactly the same type of grape – and there are dozens of varieties to choose from. Similarly, the growing method and type of chemicals used must be harmonised. In addition, all the grapes must be ready for harvest at the same time. It is also obvious that the farmers must all work land which is located in the same area in order to reduce transport costs. Any disputes that arise must also be settled through an agreed procedure according to the constitution of the co-operative.

Being tied to the co-operative does, therefore, reduce the individual's freedom to take unilateral action or to adopt farming methods that differ from his or her neighbours'. On the other hand, each farmer can increase their individual income by working hard to improve their yield or by renting or buying more land.

Ugandan examples

There are several good examples of collective marketing action in Uganda. This section provides some examples from Rakai and Kapchorwa.

Rakai and Masaka farmer associations[3]

Several successful farmers' marketing associations operate in Rakai and Masaka Districts. A case study of four of these groups was completed in 2003. All four of the groups are assisted by an NGO called Community Enterprise Development Organisation (CEDO).

The groups range in size from 18 members to 197 members. The largest groups are divided into sub-groups ranging from 100 members to 6 members. One of the four groups is a women's group. Although this group also has a few male group members, these do not hold any positions on the executive – the women are concerned that the men may *take over*. The membership of one of the sub-groups consists entirely of young people.

All of these groups produce a variety of crops and livestock but sell only one or two different crops collectively. The groups have been marketing these goods collectively for about five years. Beans and maize are their main crops but some cassava and bananas are also sold collectively. Sales of beans and maize amount to between 1000 kilos and 4000 kilos per season. One group receives about 22% higher prices in these deals than they would get on the local market.

[3] CEDO Farmer Group Marketing – Case Studies – NRI July 2003

In one group all the members receive the same amount of bean seed and plant a separate plot for the group as a whole. The proceeds from the sale of beans grown in the separate plot go into a common fund owned by the group as a whole. Those beans given to individual members are grown by each member but marketed collectively.

Another group asks each member what quantity of seeds they require and distributes them accordingly. The proceeds from the sale of all the beans is distributed according to the amount each farmer delivered for sale.

The groups elect their leaders – Chair person, secretary and treasurer – from amongst its membership and re-elects new leaders on a periodic basis (e.g. every 2 years). Groups charge their members a membership fee (e.g. 2,500 Sh) and an annual subscription (e.g. 4000 Sh., which can be spread over two seasons). Groups have bank accounts and are officially registered with the District Community Services Department.

All of these groups are helped a great deal in the production and marketing of beans by CEDO who provide a range of services including the negotiation of contract farming deals in which seed merchants provide seed (beans) and purchase the crops. CEDO organise the farmers, distribute the seed, bulk-up the crop, arrange transport, distribute the proceeds and provide financial management. One group also receives help, in the form of seed supplies from the IDEA project.

The groups also have experience with maize selling, which they mainly undertake on their own. Unfortunately, their experience with maize selling was not positive in the second season of 2001, which was largely due to a glut on the Ugandan market resulting in very low prices. As a result, some of the groups were discouraged with collective maize marketing.

However, one group has undertaken group marketing of maize in 2002 – when the market had normalised again – with positive results. The sales manager of the group was responsible for selling the maize. About half of the maize the farmers had produced as a group (i.e. 1.2 tonnes) was sold in Kampala to a seed dealer based in one of the markets of the capital. A local trader had connected them with the dealer. A marketing team consisting of two people (i.e. one male and one female) travelled to Kampala for the transaction. They obtained a price of USh310 per kg of maize in Kampala when the price was USh250 on the local market, whilst transport cost USh30 per kg. The remainder of the maize crop was sold on the local market.

The maize was stored for about four months in the groups store before it was sold (i.e. harvest in January and sale in May) and there was no problem with storage. They have received training in storage and they know how to access and use pesticides. According to the group members this was their first experience with collective marketing. They are planning to do it again if the prices are low on the local market.

Kapchorwa Commercial farmers group

The group have called themselves commercial farmers – as they want to be viewed as a commercial farming entity. The group started in 1998 with a core of 27 farmers and by 2003 numbers had increased to 350. The philosophy of the group is to improve production efficiency by lowering cost of production. Individual output per acre has doubled since the group was started.

The group are careful about recruiting new members and candidates have to be recommended by at least one existing member. The basis for the recommendation is the ability to grow a crop commercially, i.e., of a high standard at profit. This ability is assessed by visiting the farm and members making a decision on the new candidates.

Farmers from the group started to access loans in the first season of 2000. Existing members recommend new members to the bank for loans

but discretion for loans is again based on the bank's assessment. The local bank is unwilling to deal with maize farmers from outside the group as being part of this group gives the bank some confidence as to an individual's credibility. The loans are made to individuals not the group and the individual is ultimately responsible for his loan. However, the group shares this responsibility and makes sure that its members do not default as this would impinge on the group's credibility.

Loans are production based and as a rule of thumb, amounts advanced rarely exceed more than 30 % of the total production costs. The loan is used to purchase inputs. In the 2003 season about 300 farmers received loans to a total value of about 350 million Uganda shillings (US $ 175,000). There is no security provided by the farmer and risk for the bank is assessed on the individuals ability to produce a crop and membership of a recognised commercial group.

This Kapchorwa Commercial farmers group is an informal organisation and was encouraged to develop their own plans and objectives rather than consider themselves as a part of the overall IDEA project objectives. Fortunately they have a strong, committed and forward thinking management team which has provided reliable leadership.

Organized marketing of the produce is now the major item on this group's agenda, which includes organizing collection centres and establishing quality control to ensure a uniform product.

For more examples of group farming activities in Uganda, see **Appendix 1**.

Developing Collective Market Models for Africa

There are some examples of groups of Ugandan farmers who co-operate with each other to improve their collective welfare but doing this is the exception rather than the rule. Few groups have collective marketing as their central purpose even though this activity could boost their incomes significantly. In Uganda, farms are small compared with many other regions of the world but family links are usually strong so they can be used as the basis of co-operation.

Unlike European grape farmers, most African smallholders grow several different types of crop and cannot afford vehicles to transport them. Electronic communication systems are improving but are by no means fully developed. In addition, most African farmers could not afford to hire experienced staff to administer crop collection and marketing. However, increasingly there are opportunities for farmers to do this themselves. For example, in Uganda some agriculturally based SPs are changing their strategies away from supplying free seed and tools towards strategies that improve farmers' marketing skills.

With new marketing skills smallholder farmers may be able to raise their incomes but they could not compete with larger farms unless they overcome the problem of economies of scale. The maximum savings on the purchase of inputs and the maximum gain on the sale of outputs will be achieved only if groups of farmers learn to co-operate with each other over the entire farming process. This includes agreement on the pooling of resources, pattern of crop production, post production systems and the collective sale of the group's crop surplus.

The successful adoption of collective marketing techniques depends more than anything on the willingness of farmers to adopt decision-making and management systems based on trust and common goals. The building of trust and the

adoption of transparent and fair systems must be addressed and agreed from the outset.

The range of possible collective marketing activities

It is important to remember that whatever farmers do together must clearly be beneficial to marketing their produce. A specific market for the produce must be determined in advance and any specific quality attributes demanded by that market must be achieved. Just working to a national or international standard that is either too low or too high for the intended market will probably be a wasted effort.

Even the smallest amount of co-operation between a few farmers could raise incomes. For example, farmers could receive a better price for their goods if they brought all surplus production to one location because it becomes worthwhile for a trader to bring a vehicle to that location. This benefit would be even greater if farmers can bulk a 'quality' product. To do this, they need to be aware of the premiums attracted by specific quality criteria and how these premiums will change depending on season and on whether the harvest is a good, normal or bad one.

Besides being aware of the advantages of quality, farmers need to know how they can achieve the important quality attributes. The following collective activities by farmers are important contributors to quality.

- Agreeing to grow the same variety of crop is essential to ensure uniform quality.
- Group work to improve quality to meet the needs of a specified market will add value.
- Weighing the goods and packing them in a standard way will attract a higher price.
- Group negotiations with traders for the sale of larger quantities of goods can improve the sale price significantly.
- If the collective activity includes the pooling of funds to purchase storage facilities, drying floors, transport vehicles, farm inputs, testing equipment, etc. then the income of the group may be enhanced still further.

Table 1 Maize quality specifications for UNGA LTD (Miller)

The maize shall be free from foreign odour, moulds, rat droppings and other extraneous material and shall be clean, dry and free of infestation.

GRADING

Moisture content	14.0% maximum if direct for milling
	13.5% maximum if destined for storage
Foreign matter (includes sand, earth, stones)	1% maximum
Broken grains	3% maximum
Pest damaged grains	4% maximum
Other coloured grains	3% maximum
Discoloured grains	3% maximum
Diseased grains	2% maximum
Infestation	absent
Mouldy grains	absent
Aflatoxin (total)	10 ppb
Total defects	15%

Maize Grain Marketing as an Example

The following example focuses on what farmers could do to raise incomes by collective marketing of maize grain. Achieving grade standards is an important element of this enterprise and the grade specifications being used by a major miller in East Africa are given below. They show what farmers need to achieve if they are contracted to supply a typical miller (for more maize specifications see **Appendix 2)**.

Having decided what maize quality is required for the market, e.g. local market, poultry feed industry, large miller, regional/international market etc., the appropriate quality can be achieved with careful consideration of the following issues. Similar considerations would apply to other durable crops.

Obtaining good quality grain

Length of time in the field

The crop should be left in the field until it is mature and then harvested without delay to avoid insect infestation. If possible farmers should harvest simultaneously to ensure uniformity of the crop.

Grain shelling method

Grain can be shelled from maize cobs by various methods. The differences between methods relate to their costs and the proportion of the grain that becomes broken, which is a significant quality factor (Table 1). Shelling by beating cobs in a bag is very damaging to the grain while hand shelling is slow and tedious. Farmers groups with well adjusted mechanical shellers are at a distinct advantage in being able to produce a uniform product without an excessive proportion of broken grains. Mechanical shellers can be machine driven or pedal-operated (Pinion, 1979).

Grain drying

Most farmers are aware that grain must be dried for good storage and many have an area close to their house that is used for sun drying. There is a temptation to market moister grain as this is no longer the farmers' responsibility and in any case the grain may be consumed quickly. The farmers' own stocks for long-term storage tend to be looked after rather better. For successful group-marketing, farmers must co-ordinate their drying activities so that they produce a reasonably uniform product within any market limits, typically 14% moisture content or lower. Measurement of moisture content is discussed below.

Insects

Insect infestation generally reduces the marketability of grain. In some local markets slight infestation is regarded as a positive feature since it indicates that non-approved toxic pesticides have not been added to the grain. In a study with market traders in Ghana, at harvest a 1% increase in insect damaged grain decreased prices by on average 1% but later in the season more damage was tolerated as maize became scarce (Compton *et al*. 1998). In East and Southern Africa, the larger grain borer (*Prostephanus truncatus*) is an important pest of maize grain and in some years may cause very serious damage. Besides posing a threat to grain stocks it is also a quarantine pest. This means that for grain moving in international trade even if a single specimen of this pest is found the whole consignment will need to be fumigated and some purchasers may require a certificate of freedom from this pest.

Quality control and testing

The quality of produce that a farmer should attempt to achieve is clearly dependent upon the target market. At the village market the quality criteria maybe very rudimentary and it is only when farmers attempt to sell to itinerant traders and larger market players that investment in quality brings financial return. Farmers should not attempt to supply premium quality produce to local markets as these will not pay for enhanced quality. Investment is only useful when a large-scale buyer has stated quality criteria as part of a

contract for the supply of produce. The notes below draw attention to some important quality factors and how to achieve them.

Quality factors to consider

Colour, shape and size

Cereal grains and pulses should be reasonably uniform in appearance. Colour, shape and size are commonly specified in grading rules for particular grains and even for particular grain varieties. All of these characteristics can affect quality from the point of view of the processor or the consumer. The same is true for the presence of broken, mouldy, discoloured or otherwise damaged grains.

Foreign matter

There should be no foreign matter present in the commodity; no stones or dust, no weeds or weed seed, no pieces of plant other than the required grains, no live or dead insects, no rodent droppings. In practice, a buyer will usually accept a certain low level of most forms of foreign matter and if these levels are specified for particular grades then they must not be exceeded or the produce will be down-graded and so lose value.

Moisture content

One of the most important quality parameter for grain is moisture content. There are two reasons for this. First if moist grain is purchased and then gradually becomes drier it will lose both volume and weight, this is called shrinkage. Shrinkage is a financial loss for traders, so a sophisticated trader will reduce the rate paid for grain above a set moisture limit, e.g. 13%, to guard against shrinkage. Secondly, mould can grow on maize grain that has a moisture content above 14%. Mould growth becomes a visible quality decline and also a health risk if certain toxin producing moulds, such as *Aspergillus flavus* develop. This mould produces aflatoxin, a cause of liver cancer.

Most grain traded in Africa is not tested for moisture content and where grain is harvested in hot dry weather, moisture contents are usually low enough for good storage. If drying is a problem then moisture content becomes a significant issue. Generally, quality standards would be improved if grain moisture could be tested and moisture testing is essential if large-scale sales were to be made, e.g. for export or local food aid procurement by World Food Programme.

How to improve and maintain the quality of the harvested crop

Grading, sorting and cleaning

The first step in checking the quality of the crop is to grade it to ensure that it meets market specifications. This is done using a set of grading sieves consisting of a coarse screen, a fine screen, a lid and a receiving pan. A good tin-smith may be able to make something similar, using perforated metal or wire mesh for the screens. The mesh size is important. To comply fully with official grading standards the shape of the holes may also be important, but as an aid in separating dust, broken grains and insects from good grain this may not matter. If necessary, ask potential purchasers for the sieve specifications for the grain they wish to purchase.

If the crop quality if below specification then it may need to be cleaned. Most methods of cleaning rely on a combination of air, to blow away light material such as dust, and some form of physical sizing to separate weed seeds, smaller and broken grains. The simplest form is hand sorting and winnowing. This requires little equipment but requires hard work, is slow, suitable only for small quantities, and only removes light material. If working on a large-scale then some equipment is required. For example, a sack sieve that is an inclined, perforated metal sheet. A sack is emptied onto the upper end of the sieve and the product is pushed down the inclined sieve and falls into another sack at the bottom. Small and broken grains and foreign matter fall through the sieve and are removed while large impurities such as stones are picked out by hand.

Moisture measurement and improving access to measuring equipment

Modern moisture testing equipment such as the Sinar 7000 (see figure below) is very accurate and reliable but it is prohibitively expensive at around US$1000. To improve access to moisture measuring equipment, the private sector and research and development partners in Uganda are investigating methods to support the purchase of equipment through two strategies. First to find a means of funding the procurement of Sinar equipment, that will be placed at key marketing depots in the major maize growing districts. This will provide an opportunity for bulked commodity to be tested. If the product is too wet, it can be dried down to the required moisture content depending on the needs of the buyer. This will be a very useful first step in working towards improving the quality of maize in the trade. However, this step alone, does not answer the needs of the many farmers and farmer associations across the country. The second strategy will be to test the product nearer to the site of production using a simple hand held moisture meter developed in SE Asia by the International Rice Research Institute (IRRI). This meter has a range of 10-25% moisture content and is accurate to within 0.5%. It costs only about US$30 and so is affordable to many traders and farmer associations. Test models of the new hand held Sinar model will be investigated by UGT[4] and APEP[5], and the testing of the IRRI moisture meter will be implemented by one of the RATIN partners, FOODNET[6]. These devices should be in the field early in 2004 and the high level accuracy provided by the Sinar technology will act as a check on the calibration of the low cost equipment. We will keep you updated of responses from the testing group.

Sinar hand held model 7000 series retail price approximately $1000

Communal storage

All the activities, described on the previous pages can be adopted either together or separately according to the wishes of the group. Some groups may wish to adopt only one collective activity to begin with and gradually adopt others if the first initiative proves successful. Likewise, some groups may wish to start with only a few members and gradually expand to include others once the systems used for collective activity become understood and accepted. An important expansion of the collective activity would be crop storage which introduces another range of costs and potential benefits that the group will have to consider.

Liberalisation of grain markets over the last decade has led to a significant decline in government marketing boards whose storage facilities have been purchased by private sector players or remain with defunct government offices. In some countries, the stores are now available to farmers' groups who may need to decide on whether to use them or to seek alternatives.

If farmers' groups are intent on holding grain stocks until market prices are favourable then storage may last several months. Communal stores may be available and these are typically brick-built and hold grain in bags. The extension

[4] UGT – Uganda Grain Traders
[5] Agricultural Production Enhancement Project – Chemonics – USAID
[6] Regional Agricultural Trade Intelligence Network – FOODNET

services may be able to offer help with pest control in these stores although ensuring that the grain is at least well dried and well packaged will limit pest problems. Other types of communal store are possible, for example in semi-arid northern Ghana, large water tanks that could each hold four tonnes of cowpea have been used and these structures are sufficiently airtight for pest control using phosphine fumigation. Alternatively, farmers will have to store grain in the house in bags or traditional containers. Past experience will indicate whether or not the admixture of an approved dilute dust insecticide (Golob 1977), such as Actellic Super, is required. This can only be done if the intended market will tolerate this treatment.

The costs of storage which include the maintenance of the structure, grain losses and pest control treatments have to be weighed against the benefits which include selling when prices are higher and being able to hold stocks until marketable quantities have been accumulated so facilitating more lucrative bulk contracts.

Transport and Marketing

There is no doubt that transport is of great importance for marketing of agricultural produce. In particular, rural communities in remote areas suffer from high transport costs which are often due to a combination of lack of means of transportation and poor condition of the road infrastructure. Although human porterage (e.g head-loading) of agricultural produce remains common in many countries, this is one of the most expensive means of transportation. This is due to the limited quantities which can be transported, the speed involved and the maximum distance to be covered.

So-called Intermediate Means of Transportation (IMTs) can alleviate farmers' transport problems in that they are particularly cost-effective over shorter distances between the field and the homestead and from there to the market. IMTs include oxen and ox-carts, donkeys and donkey-carts, wheelbarrows, and also bicycles. The latter are quite common in many Districts of Uganda (e.g. boda-boda), and are also used for crop transport, but there are limitations if larger quantities are to be moved, or if the terrain is not appropriate (e.g. too hilly). In this case, the use of carts or pack animals will be more appropriate.

DFID's Crop Post-Harvest Programme are supporting a rural transport project which is entitled "Improved Food Crop Marketing through Appropriate Transport for Poor Farmers in Uganda". The project is led by the Uganda Transport Forum Group (TFG[7]) and the Natural Resources Institute (NRI) of the UK. Farmer groups are encouraged to contact TFG in Kampala for technical and other advice on the acquisition of IMTs.

Some means of transportation may be too expensive for individuals but a whole group of farmers may be able to purchase a pack animal such as a donkey (e.g. Kasese district), or a pair of oxen and a cart (e.g. Iganga district). Also, groups of farmers are likely to be in a better position to access credit from NGOs, banks or micro-finance institutions.

Motorised transport such as lorries or trucks is most efficient for transport of goods over longer distances. However, this requires bulking up of produce at a location which is easily accessible. For example, a community or group store may be a good location to which lorries could come. Farmer groups need good contacts to transport companies and lorry drivers in order to get favourable deals for the transport of their produce to a distant market. In particular, during and immediately after harvest lorries and pick-up trucks are more in demand than during other

[7] Dr CK Kaira and Mr Paul Kwamusi, Transport Forum Group, 5 Edinburgh Avenue, Lower Kyambogo Estate, Kampala, Uganda. Tel / Fax: +256-41-288 312, 077-369 794. E-mail: ckkaira@africaonline.co.ug, paulkwamusi@yahoo.com

parts of the year. As a result, good forward planning of transport requirements is advised. Also to remember – down payments may be necessary.

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Practical Work

Section 2

The First Stages of Working with Farmers' Groups

Which groups to work with?

Individual farmers help each other quite naturally all the time. They exchange information about the best ways to grow their crops, help each other at harvest time and compare experiences in making marketing decisions. This form of exchange cannot, however, help small-scale farmers to improve their economies of scale. In order to make a real, positive difference farmers need to use this goodwill towards each other and engage in collective action.

Every organisation involved in helping farmers are limited by the funds that they have in their budget and the number of skilled and experienced staff available. There are several million farmers in Uganda and they cannot all be helped at the same time to develop plans to market their goods collectively. For this reason, SPs should carefully consider which group of farmers to work with. It is likely that they already work with several groups of farmers to help them with agricultural extension or other forms of assistance. Some of these groups may benefit greatly from collective marketing but others may not. This section of the manual is designed to help SPs to make this choice.

The most successful examples of collective activity occur in groups who already have some reason for identifying opportunities with each other and assisting each other.

There are many possible conditions for people to feel that they belong to a group. The most obvious reason, and one that is common in Uganda, are bonds of kinship. Family and clan ties already bind communities together in many countries and these ties give certain duties and rights to each group member. Such ties of trust and familiarity can form the basis of farmers' marketing association.

On the other hand, some traditional family structures, especially those that are unduly hierarchical or male-dominated may not allow sufficient degrees of democracy in decision-making processes to work successfully.

Farmers in Uganda may have come together to form groups for many reasons. They may have formed the group for social reasons (self-help groups) – schools, health, etc. Women may have decided to work together to help each other sell small amounts of surplus products in the village market or because they do not trust men to help them. They may have found that it is easier to receive training as a group or they may share some common resource, such as irrigation.

Ideally the members of groups which could benefit from collective marketing should have similar cultural values, including religion, historical background, diet, language and dialect. A group is also more likely to work better together if all members have similar needs and resources. If, for instance, a few participants within the group are much wealthier than the majority of the group, they will, inevitably, come to dominate decision-making which will not please other members.

It is also important for members to live near to one another. Groups of farmers need to be able to

Cartoon: Good or bad management practice?

talk regularly with each other and to easily transport goods and inputs to and from their farms to delivery points near the land occupied by the group's members.

It would also be very useful if at least some of the members of the group were able to read and write well and be reasonably numerate. Other skills, such as experience in negotiating with traders, understanding the difference between grades of produce, knowing how to improve products or experience at running meetings, would also be useful.

Ideally, the group should form themselves with a clearly identified marketing objective. All too often groups are formed after being advised by a support agency that they can only benefit from certain services if they are within a group. In response to this, groups tend to form on an ad hoc basis with no reason for working together other than to overcome the first hurdle in an attempt to access resources – even perceived resources – on offer.

In short, participants in collective marketing activity are likely to succeed best in these strategies if they can debate easily with each other on as equal a basis as possible. Attempting to establish the essential trusting environment from a group of participants with no previous close relationships or shared experience will be extremely difficult.

SPs that wish to encourage the formation of collective marketing groups should first concentrate their efforts on those groups of farmers that show most interest in the idea. These farmers will already recognise themselves as belonging to a group however loose it may be or for what ever purpose they have come together as a group.

Even without outside help farmers could begin to develop plans to work more closely together with the objective of improving their welfare or generating increased income. It is possible that a group has been formed for reasons other than marketing (a women's group for instance) which could be used as the starting point for the formation of a marketing group from the members of the women's group.

Collective activity will not help some farmers

SPs should understand that there may be many farmers who are not willing or not capable of organising collective marketing.

They should be offered other types of assistance but efforts to train and organise group marketing should only be offered to groups who are attracted by the idea and would benefit from such work.

There may be many reasons why collective marketing schemes would be unsuitable for some farmers -

- Some farmers may not trust their neighbours sufficiently and may not wish to join with them in any kind of collective activity. In areas where there is hostility between farmers no amount of coxing will get them to co-operate with each other.
- Some farmers may feel that they already make a good living from their work and may produce a product that is widely sought-after. Others may find that they can obtain satisfactory sales prices at roadside or village markets.

- They may feel that they do not want to share their work or skills with others.
- They may have good relations with traders and feel that they receive fair prices for their goods.
- Some farmers are simply too poor to be able to produce a surplus or they may not have the necessary skills to understand the obligations associated with collective activity. Many farmers in Uganda, for instance, have little or no surplus production to sell.
- Many farmers live too far away from each other to make collective activity possible.
- Still others may not have the necessary skill, knowledge or leadership to understand how to work with each other.

Despite the fact that many farmers cannot be assisted in this way, for millions of others collective activity represents the best way to increase their income and boost productivity.

Age and gender

In some communities women are not given equal status with men.[8] For this reason some female farmers in Uganda have decided to form women-only groups as their preferred way of ensuring proper trust and collaboration.[9] Likewise, some younger farmers feel that they do not want to join a group dominated by older people who, they might feel, are too set in their traditional ways to adopt new ways of working. These young farmers may prefer to work only with other farmers of their generation.

SP WORK PLAN

Identifying the participants

Although a number of farmers may work together to receive training or extension services not all of them may be prepared to join with the others to marketing their goods collectively.

When an SP first introduces the idea of collective marketing to a group, it must understand that some farmers are likely to be more enthusiastic than others. A survey of potential members should be conducted by the SP to discover how many members of the group want to be involved. This survey can also be used to discover whether more doubtful members of the group can be won round to the idea or whether they would prefer not to take part.

For this survey, SP staff members need to carefully explain what collective marketing is, how it might benefit the group and to explain how the group needs to organise itself to carry out the plan.

No effort to encourage the formation of collective marketing associations will succeed unless each member of the group is enthusiastic about the idea. They must also be fully aware of both the potential benefits and any reduction of their individual freedom of action which may result from forming a marketing association. They also need to commit themselves to spend some time in discussion with their fellow participants to decide on the group's plans.

Once each farmer has agreed on who they wish to include in their group, the names of these members should be recorded.

[8] The gender dimension in rural co-operatives – FAO -1996
[9] CEDO Farmer Group Marketing – Case Studies – NRI July 2003

Women-only groups and youth groups are not an ideal way of establishing community marketing groups but they may be more effective to work with than forcing farmers together of all ages and both genders. Farmers should, however, be encouraged to try to form groups that represent the whole community – but it is no use forming such a group if they find it difficult to work together.

It is very important that any group that is representative of the community (young and old, women and men) that women and younger farmers are not excluded from taking up the role of leaders for this project. No outside agency should attempt to force groups to elect certain leaders. It should be pointed out to them, however, that if young or women members do not feel that they are allowed to participate fully in the activities and decision-making processes of the group, it will seriously weaken the group as a whole.

What size should the group be?

There is no fixed answer to this question. In some countries groups with many hundreds of members work together successfully to market their goods. On the other hand, even two farmers working together can increase their income more than if they worked separately. It is difficult to decide the best size for such groups without gaining a full understanding of the background and circumstances of the farmers involved.

In Mexico it has been possible to bring together very large groups of a thousand members or more to market their coffee crop. Such large coffee-farming groups are much easier to organise in Mexico, however. Mexican farmers have a stronger and longer tradition of co-operating with each other. It is also easier to market coffee than many other crops because coffee is traded on a very transparent market and everyone can more easily discover the current market price.

In Uganda farmers grow many different crops and find it much more difficult to communicate with each other. The only effective way for them to make plans to market their goods is to meet face to face.

In order for a collective marketing strategy to work, all the farmers should be able to meet regularly to discuss their problems and plan their future actions. The more people attending a meeting, the more difficult it is to ensure that everyone's voice is heard. Meetings need not take place in a building but it is far more convenient if they do. People don't want to be exposed to the sun or risk getting wet from the rain and it is far harder to hear what people say in outside meetings. Large meeting places are not always available and farmers do not want to travel miles for a meeting. Churches and church halls could be used or there might be suitable buildings made available by the local council. Whatever premises are used, the size of the group is likely to depend on the capacity of that meeting place.

In Uganda, successful collective marketing is generally carried out by groups of between 10 and 50 farmers[10]. Farmers in groups of this size can meet regularly in one place and can easily discover the strengths and weaknesses of all the other group members. It is also easier for a group of this size to receive training and advice. It is recommended, therefore, that in most cases membership of a working group should be kept to below 50.

Collective marketing for different types of farmers

Farms can differ in many ways. Some may be quite large. Some may grow many different crops and others very few. Male and female farmers

[10] Sustainable NGO/CBO agricultural marketing interventions: Project Evaluation Report – NRI – Wandschneider T. and Greenhalgh P. – 2003

may produce different types of crops[11]. In some areas all the farms are very similar and in others there may be a great variety of different types of farm. Some farmers work in areas where the soil is rich and water supplies are plentiful. They may be located near good quality roads and may be near a good market for the goods they produced. Other farmers may have none of these benefits. Sometimes a group of farmers may be young and energetic. More elderly groups of farmers may not wish to adopt new ways of running their farms.

Although all these types of farmers can benefit from collective marketing techniques, the differences between them means that different approaches may need to be used to help them work together. Some may need very basic information about how markets work and how to negotiate to sell very small quantities of their goods to local traders others may be ready to take on more ambitious tasks. Some groups may need a great deal of help to organise themselves, conduct meetings, make contacts with traders and other service providers and to keep proper records. Others may be capable of carrying out most of these tasks for themselves.

SPs, who are trying to help farmers, need to link their work to the priorities of the organisation they work for. Some agencies will choose to work with the poorest and most isolated farmers if their main aim is the alleviation of poverty. If, on the other hand, the main aim of the SP is to make markets for agricultural goods more competitive, they may wish to work with comparatively more affluent farmers. Helping such farmers to adopt collective marketing strategies may require less time and resources and so more of them could be helped within the limited budget of the SP.

It should be born in mind, however, that collective activity is best carried out by farmers who have similar types of farm and grow similar types of crops.

Working with farmers in more complicated circumstances can present the agency with greater challenges. Let us consider the difficulties presented by farmers who do not specialise in growing one major crop for sale. They may be able to produce surpluses of maize, beans, coffee, tomatoes, peppers and cassava. Each of these products is grown, harvested, packed and stored differently. They may have to be sold to several different traders each specialising in different crops. The growing season for each crop might be different. The SP will need to help the farmers organise the collection and marketing and obtain market information for each product separately.

Farmers growing crops in areas with erratic rainfall can never know, in advance, what quantity of any crop they will be able to sell. This makes it much harder to form close relationships with traders.

In many parts of Uganda, men take responsibility for growing and marketing cash crops (crops grown mainly for sale) whereas women take responsibility for growing staple crops (crops grown mainly for subsistence).[12] Women sell any surplus to local, village markets or directly to consumers. If the SP chooses to work with a women's group, they may find that the women are reluctant to market their goods on a bigger scale which has been a task traditionally carried out by men. Some women allow a man to join their group to carry out marketing activities but the SP might try to build the confidence of women to market goods for themselves. Women's groups might also prefer women to train them and to help organise group marketing.

SPs must take all these factors into account before deciding which groups they can best help.

[11] The gender dimension of rural co-operatives – FAO – 1996
[12] The gender dimension of rural co-operatives – FAO -1996

SP WORK PLAN

Background research

SP staff members need to carry out some initial research to discover if they can work successfully with the proposed group. This research methodology should be by interview with proposed group members and examination of the SP's records and funding applications.

This research should be designed to answer the following questions –

How many SP staff members are available to carry out this work?

Do these staff members have the necessary skills and experience for this work?

Where will these staff members be accommodated during the project?

What transport will they need?

Is the likely project budget large enough to cover the organisation and training of the group for at least one year?

Does the proposed group of farmers already recognise themselves as a group?

Does the group already hold regular meetings?

For what purpose are these meetings held? (e.g. social, religious, for receiving training, etc.)

Does the group have a name?

If the group is dominated by just one or a few people (men, elders, wealthier members, etc.), are the other members of the group satisfied with the way decisions are made?

Do members of the group live close enough together to be able to walk or cycle easily between them?

Has the group shown any enthusiasm or understanding of collective marketing?

The answers to these questions should help the SP to decide if they wish to assist the group to organise collective marketing.

Pre-meeting Checklist

Pre-meeting preparations

1. Identify potential venues, Select one
2. Think about a list of people to attend based on previous informal discussions
3. Try to find a good facilitator from an NGO / service provider (SP) that can assist in the meetings
4. Prepare some sheets of paper so that major ideas can be shown to the group, ie the agenda
5. Get a pen and notebook to record meeting attendees, members and recommendations
6. Make the invitations and try to invite likeminded people to attend and ask them if they know any interested people

The First Meetings

Groups of people in every country have different ways of conducting meetings.[13] Some people like very informal meetings others prefer to conduct meetings with a great deal of formality and ceremony. Other people come to meetings to listen and prefer not to speak.

Whatever local customs are used to conduct meetings, the aims of the group should be the same

– to give all members of the group the opportunity to offer their opinion and to reach the highest degree of consensus possible. This can only be done if participants feel free to make their point and are prepared to make compromises with each other. They must also be prepared to abide by the will of the majority if full agreement cannot be reached on all issues.

Collective marketing strategies have no chance of succeeding unless everyone affected by the decisions taken at meetings are fully involved in the decision-making process.

Many farmers in Uganda may not have any experience of participating in meetings where everybody has the opportunity of speaking and voting. This may not be vitally important in religious ceremonies, or when they are receiving training but they should not begin an activity as important as collective marketing unless they agree to adopt proper, democratic procedures with which to make decisions.

The SP's first task may be to explain to the farmers how proper meetings are conducted. This section is further supported by a tabular checklist, see **Appendix 6** for quick references.

Democracy, leadership and decision-making

Successful groups have good leadership.[14]

The type of leadership required, however, needs to be fully understood. As has been said, the group must use democratic methods to make decisions in order to give every member a feeling of full participation and ownership. This system must, however, include the **delegation** of day-to-day responsibility to individual members with special skills of management and organisation. These individuals need to be selected by the whole group and mechanisms must be put in place to replace these individuals with other members if they fail to perform as well as the group think they should.

Good leaders can be found in most communities. They are recognised by their long-term commitment to the interests of the group and their skill at enabling all group members to agree on issues affecting the group where decisions need to be taken. They must obviously have a good understanding of all aspects of farming and the problems faced by their fellow group members. They must be respected and trusted by

[13] Community sensitisation and mobilisation – CEDO – 2003
[14] Sustainable NGO/CBO agricultural marketing interventions: Project Evaluation Report – NRI – Wandschneider T. and Greenhalgh P. – 2003

the group and are likely to have more successful experiences of negotiating with traders than most other members of the group. They should also be the kind of people who are willing and able to take advantage of training.

One, two or several leaders may be recognised by the group as being the individual members to be chosen to carry their plans forward but it is important that each leader should have the necessary tolerance of others to reach decisions without internal disagreement.

The group, as a whole, needs to discuss and agree the broad strategy adopted for collective action and it is also up to the whole group to decide what kind of day-to-day decisions should be delegated to leaders and/or employees hired by the group.

Many groups of farmers may be able to chose trusted leaders but these leaders may lack the necessary skills to conduct meetings successfully or to carry out other tasks involved in collective marketing activity. In such cases the SP will need to work closely with the leaders to provide the necessary training, advice and guidance needed. Some SPs, like CEDO, offer a very wide service including training in many aspects of farming and marketing. The help offered by other agencies might be more limited. The staff members of any SP need to remember, however, that they cannot work with the group forever. Their role is to help the group to become capable of running their marketing activities for themselves not to take a leadership role in the group. This process may take several years but the group must be regularly reminded that they must not become too dependent on the outside SP or they will never be able to carry out and take responsibility for their own actions.

Conducting meetings

Group meetings are of the utmost importance and, for this reason, the participants should be reminded of the way successful meetings are conducted.

Chairperson[15]

The first task for the group will be to agree on the choice of someone to chair each meeting.

The person chosen to chair the meeting must be respected by the group for his or her impartiality and knowledge of the group's culture, language, background and aims for the future. It would be useful if they had had experience in chairing meetings. They should have the skill of being able to sum up the deliberations of the meeting and should not expect to dominate the meeting with their own point of view. They should encourage everyone to speak. Some people (often women) are very shy, when it comes to talking to groups of people, but such people often have very important contributions to make. The opinion of women is especially important as their views are often ignored. The chairperson must also make sure that a small number of participants are prevented from dominating the meeting.

It may be, at least for the first meetings, that a chosen leader of the group lacks the skills to act as chair of the meeting. If that is the case, some outside person – perhaps some experienced member of the SP, can act as chairperson provided that the whole group agrees with this and provided that this person is very familiar with the group and can speak the group's language fluently.

A rule should be adopted which allows any participant to ask for a vote to be taken to replace the chairperson at any time if they fail to meet the group's expectations.

Aims of the first meetings

Once the chairperson has been chosen, their first task would be to remind participants that the purpose of the meeting is to try to make decisions

[15] Community Sensitisation and mobilisation – CEDO – 2003

with the agreement of everybody but, if not everyone agrees, to arrive at a decision by majority vote. The chairperson should also be able to stop the talking about an issue when it is clear that the topic has been exhausted but allowing talking to continue when it is clear that the majority of people wish to say more.

The next issue should be for the participants to agree on the issues to be discussed. In other words, to draw up an agenda of issues on which decisions need to be made.

Many people do not like long meetings or may have important work to do on their farm or with their family. The chairperson should therefore obtain an agreement from the participants on the length of the meeting. They should then strictly keep to the timetable unless the meeting calls for an extension. He or she may then ask if the group would like all the main decisions made at the meeting to be properly recorded and for the participants to appoint someone to take these **minutes**.

The issues discussed at each meeting will, clearly, be different but there are two topics which must be discussed at a first meeting of the group.

The naming of the participants

The most obvious decision that needs to be taken is to record the names of the members of the group. Very large groups, probably over 50, are difficult to control and may need to be divided into two or more associated groups. Whatever is decided the names of the agreed participants should be recorded. Provision should also be made for other members to join or leave the group on agreed conditions.

The name of the group

If the group has not already got a name, a name should be chosen. Many groups chose a name which includes the area or village in which they live. Others chose a slogan to be part of their name – 'Let us work together – Farmers' Association' – for instance. It is important that the group has a name not only because it helps to give each member a sense of identity with the group but also because traders and other service-providers need to know how to identify them. In addition, the group may need to make a formal registration of their organisation for legal or commercial reasons.

Developing an enterprise strategy

As the process of collective marketing moves forward, the group should develop their strategy in a stepwise fashion. The service provider will need to develop or use existing tools to lead the group through the enterprise and marketing process. The process of transition from a random group of farmers producing as individuals towards a cohesive group, working towards a defined market objective, should not be underestimated. Existing tools, such as the manual entitled "Identifying and Assessing Market Opportunities for Small Rural Producers" by C. Ostertag, may be a useful guide in working towards markets.

SP WORK PLAN

Brainstorming[16]

One of the best ways to encourage all the participants to speak and to stimulate thorough discussion of a topic is known as brainstorming.

A typical brainstorming session could be conducted as follows-

An SP staff member or other chosen facilitator should introduce the topic at the meeting in a short presentation.

He or she should then ask all the members of the group to ask questions or to make comments. Some people are rather shy and are not comfortable about speaking in front of other people but everyone should be encouraged to speak.

All the questions and comments should be summarised by writing them on a flip-chart large enough for everyone to see.

The facilitator should correct any obvious misunderstandings some members may have but should then ask the group relevant questions, such as 'how do markets work?' or 'why do we need traders?', and ask them to provide the answers.

The facilitator should encourage debate between those members with different points of view and again encourage those who haven't spoken to do so.

Once again, the facilitator should try to summarise the points made by writing them down on the flip chart.

Once the facilitator feels that the topic has been discussed fully enough for the group to have a good understanding of the topic, they should spend some time summarising the discussion and getting the group to agree on the answer to the questions posed or a definition of the concept they have discussed.

The first topics for discussion

- What is a market and how do markets work?
- Collective marketing.
- ETC – SP to develop more topics for Meetings

Participants might suggest that the first general discussion should be to inform everyone at the meeting of exactly what collective activity means and what it entails. This manual might be used to assist a chosen speaker to inform the group of the advantages and difficulties involved and the commitment needed to make these strategies work successfully. On the other hand, it might be possible to invite an outside person with thorough experience of these matters to inform the group and stimulate the discussion.

[16] Community sensitisation and mobilisation – CEDO – 2003

Meeting Checklist

Meeting Procedures

7. At the meeting select a chairperson
8. Agree on the rules of the meeting, timing, breaks, allowing all to speak, reporting, actions to be taken, summary statements
9. Explanation of what is collective marketing
10. Some ideas on the types of people that may want to join such a group
11. Agreement on the terms of joining
12. Agreement on the regularity of meetings

Agenda for the planning meeting (this may be part of first meeting, but the first things may take a lot of time)

13. Agreement on the types of products that the group should work on
14. Who could assist the group from other organisations, groups etc..
15. How to start the planning process
16. Next steps for marketing (as you have explained)

Meeting before the transaction

- What product
- What volume
- Where to sell
- To whom to sell
- What is the market doing
- Agreement on a lowest offer to sell

Meeting after the transaction

- How to share the money received
- Discussion of what went well, what went not so well
- What improvements could they make in terms of variety, packaging, grading, point of sale, price, negotiations, marketing analysis, savings, credit.
- Agenda for the next planning meeting

At the end of the meeting, or series of meetings, it should be possible for the group to have a good idea of which type of activities they wish to adopt to begin with. The group would be wise not to be too ambitious at first, adopting, perhaps, a simple strategy before expanding to include more collective activities or increasing the membership.

Feasibility Study

What is a feasibility study?

Before even the first simple tasks can be undertaken certain information must be collected. The SP would be the obvious organisation to collect this information with the full participation and agreement of the group. They might prefer to call it a **feasibility study**.

Such a study should try to find out whether the group would benefit from collective action and by how much and in what ways.

This kind of feasibility study is very simple. It is really just a method for checking that all the necessary elements are in place before embarking on the project. It is important, however, that those conducting the study should be impartial and able to design the study and properly interpret its findings. They should be neither too optimistic nor pessimistic about the outcome of the study.

SP WORK PLAN

The first stage of the study should be designed to obtain the following information:-

What is the geographical area of the proposed group?

It might be necessary to draw up a scale map of the land owned or worked by each member of the group showing any roads or tracks between and bordering this land. This will help the group to discover whether each farmer has easy access to any central storage or other collective facilities (drying floors, road-side loading places, packing, weighing or milling facilities) that might be used collectively.

What is the normal and potential production of each member?

A list of all the different products which the group proposes to market collectively should be compiled. (At this early stage, the group may have decided only to market one product collectively.) The average volume of production of each product for each member should be made. This, of course, will vary from season to season and from year to year but the group must have some approximate idea of the total production capacity of the group's members. Each farmer should then be asked what volume of each product they are likely to keep for their own use and how much they are likely to have over for sale in an average season. They should also be asked how much more they could produce in ideal weather and market conditions. All this data should be recorded.

Making an inventory of the group's assets

Most farming communities in Uganda have very few assets. It may be, however, that the group already own, or have access to, tools or facilities that could be made use of for collective activity. A single member might own, for instance, weighing scales or a draft animal or a storage hut which they would be willing to sell or hire to the group as a whole. Here, it is of vital importance to reassure each member that they will not be required to share any equipment with the group if they do not wish to. And if they are willing to allow the group to share it, they need only do so if they are given a price or a renting fee by the group that they have agreed to.

Assessing the market

One of the most important components of the study should be to assess the local and wider market to discover the potential sales value of the group's surplus produce. One of the aims of the group might be to sell larger volumes of a crop which would attract a better price than the small volumes sold by individual farmers. Traders need to be approached to find out just how much more they would pay, say, for two tons of maize rather than for just one bag. Likewise, traders are likely to pay more for sorted and graded products or for produce packed in standard weight bags.

Assessing the data from the feasibility study

Once the data for the feasibility study has been collected, this data needs to be assessed and analysed.

By comparing the volume or weight of the expected surplus output of the group with the information from the market assessment, it should be possible to make a rough calculation of the likely increase in income the group could expect to earn if they market their goods collectively. In addition, it should be possible to estimate what added value would come from any collective action to improve the quality or packing of the goods for sale.

By estimating these likely benefits, it may also be possible to work out what extra equipment or other farm inputs the group could spend this extra money on which could be used to increase the income of the group still further in future years.

On the other hand, if the data shows that very little benefit could be achieved by collective marketing activity, the group may decide not to begin such activity.

Initial Activities

Agreeing on the initial type of collective marketing activities

Once the feasibility study has been completed and the data analysed, those who have carried out the study should report the findings to the next group meeting. They should give estimates of the likely benefits that might come from collective marketing in good, poor and average seasons and explain how market prices could change to change these estimates. The report to farmers should also identify which activities are likely to bring the best results and how these activities should be carried out.

The farmers should then be encouraged to discuss these findings. Once again, brainstorming techniques could be used if the farmers decide to use it.

Once the group is fully aware of all the possible activities they could chose to improve their welfare through collective marketing and understand the benefits and tasks required to put them into operation, they need to decide how to start.

Farmers should be advised that it is usually advisable to proceed step by step starting with some simple tasks. Each step may need to be discussed in a number of meetings between the SP staff members and the chosen leaders of the group and between all the members of the group. There will also be a need to have meetings or telephone calls with traders and transporters.

The group might, for instance, begin with only one product. This should, preferably, be a product that will not rot or deteriorate during the period between the harvest and the sale. Maize or beans might be a good example.

They must then decide where to bring the product from all those farmers in the group who wish to sell it. Clearly, this needs to be somewhere with good access to the best road and somewhere where it is clean and dry and cannot be attacked by birds or rodents.

The group must then work out how much of the product can be delivered to the chosen location and how long this will take. This could be the most difficult problem faced by the group at this stage. It may be that bicycles or hand carts could be used to carry the goods and that these may need to be shared by the farmers so that everyone has a chance of delivering what goods they wish to sell.

It will then be necessary to decide on an approximate date for the first collective transaction to take place.

Certain other procedures will also need to be agreed upon in advance.

Delegating responsibility[17]

Although all major decisions should be made by the group as a whole certain jobs need to be

[17] Community sensitisation and mobilisation – CEDO – 2003

allocated to individual members of the group. If, for instance, the group has decided to bring the surplus crops of the whole group to one or two collection points for sorting, grading and packing, someone has to be appointed to make a careful record of who brought the goods and the quality and quantity of the goods they delivered. Someone else may be made responsible for gathering market information, another for contacting likely buyers, another for conducting the transaction with the trader, another for finding suitable transport and yet another for dividing up the proceeds of the sale among the members according to the agreed system.

This does not necessarily mean that the same person should always do the job allocated to them. The group might decide that several people could share the job or that one person does it for, say, a month then another person takes over. On the other hand, the people chosen for each job should have the necessary skills and the trust of the group to do it properly.

It is also possible that no one in the group has the necessary skills or experience to carry out one or more of these jobs. The SP may decide that one of its employees should carry out this work until one of the group members has received the necessary training to take over the role. The most important part of this training will come from close observation of the work of the SP staff member allocated to do this particular job. More experience could be acquired by visiting other groups who have successfully mastered these skills.

The people who take on these jobs would, of course, have less time to work on their own farm and the group would be wise to find some way of compensating them for the time they spend doing this communal work. This could take the form of giving this farmer some assistance with the work on his or her farm or in the form of a payment for the work they do which could be an extra allocation of the proceeds of sales. Compensation is important because the group needs to encourage members to accept these jobs and, certainly, would not want to tempt those people who are allocated jobs to cheat the group by making them feel resentful for the tasks they are asked to perform.

The choice of people to do these various jobs should be made on the basis of their aptitude for the job – record-keepers should have good writing and mathematical skills, negotiators should have good bargaining skills, etc. Just as important, however, would be the need for each person taking on such responsible tasks, to have the trust of the whole group.

Dividing the proceeds

In addition, the group must decide in advance exactly how and when the proceeds from the sale of the goods are to be distributed among the group members. The group may decide that the proceeds should be divided between the group according to the amount each contributed. Some of the proceeds need to be first used to pay for any expenses incurred – transport, telephone calls, etc. and, perhaps some agreed payment to members of the group who have carried out jobs on behalf of the group.

The group should not sell all its surplus products in this first transaction unless they are convinced that nothing serious can go wrong.

Other jobs to be done in advance of the first transaction

At this stage, efforts should be made to find out as much as possible about the current market – price, market conditions, etc.

They should decide if they can afford to hire the appropriate transport to take the product to an appropriate market or find a trader who is prepared to pay an acceptable price and to send a lorry to pick up the goods from the group.

The group should also be satisfied that the trader is willing to pay for the goods on collection. (The trader, of course, will need to know what quantity is for sale, the quality of the product and how it is packed).

The trader should have been given a sample of the goods in advance, if possible, to assess the quality for themselves.) A date should then be agreed on for the transaction to be made.

It maybe, that for this first transaction, the trader will be wary of the group's ability to deliver the goods on time or may not be certain that the goods will be of the agreed quality. For this reason, they may not be prepared to pay the highest price they could. Provided that the group is offered a price which is higher than the price they would have expected to get selling the smaller quantities produced by an individual farmer, they should go ahead with the transaction.

The group will learn a great deal about the arrangements they need to make to continue group transactions from this first deal. As time goes by and as more sales are made, they will gradually become familiar with the problems involved, learn how to settle any disputes that may arise and become better at negotiating with traders.

Assessing the first collective action

However successful or unsuccessful the first transaction has been the group should call another meeting as soon as the first transaction has taken place to discuss what happened – what went well and what went badly.

It may have been quite obvious that the group will not succeed in its efforts to market their goods collectively in its present circumstances and should not try to repeat this first effort. One or more things might have gone wrong despite all the planning.

The trader may not have turned up to collect the goods on the agreed date.

The trader may have not been willing to pay the agreed price once he or she had inspected it.

The goods may have got wet or been damaged between the farm and the collection place.

All these problems are very serious and the group should abandon future collective efforts until they learn how to solve these problems.

It maybe that these problems can be solved with more planning or with some more outside help or that the group might find a different way of doing business with the trader. It would be wrong, however, to try again without being sure that the problems can be solved.

Less serious problems may have occurred –

One or two farmers out of the group may have not been able to deliver their goods to the collection point.

There may have been some dispute about how the proceeds were distributed to individual members.

There may also have been a dispute over any costs that may have been incurred by one of the members.

Some of the goods may have been of such poor quality that the trader may have refused to buy them.

It is very likely that these types of problems could be solved with goodwill between the members of the group. It maybe that those farmers who failed to deliver their goods may need some help from the rest of the group. On the other hand, a farmer who couldn't be bothered to work properly with other members might be asked to leave the group until they can be assured that they have changed their ways. All these points need to be discussed by the group and ways found to change work practices or to solve any disputes which led to a problem.

Although everything may have gone well, the group should still meet to discuss ways in which procedures could be improved or to discuss what might have gone wrong and how to make sure this doesn't happen on future transactions.

Planning the Next Action

If the first transaction was successful and any small problems have been examined and put right, the group should consider making another transaction. The group should not become over-ambitious at this stage. It may be that they were lucky with the first transaction and future sales may reveal some problems with the systems they are using. For this reason the group should not take more risks or increase their range of activities until they have completed several simple transactions successfully.

Once several sales have been made, the group might consider more ambitious projects. Based on their assessment of these activities and the comments of the traders with whom they have done the deals, it might become obvious that they could increase their income further by carrying out some simple process at the collection point(s). Furthermore, they may decide to invest some of the proceeds in some simple equipment that they need to carry out these improvements – sieves, weighing scales, testing equipment, packing materials, etc.

Each of these new activities should be introduced one at a time unless they are completely confident that they can progress at a faster pace. There is no point in investing in equipment only to find that they cannot use it or that by carrying out a certain activity they receive no extra value for the improved goods.

It should be remembered that, for each new step taken the number of tasks required of the group will increase – the project will get more complicated. Let us imagine that the group decides to sell five different products and each batch of each product is of a different quality. They may need to be stored separately in different conditions. The product might be brought to the collection centre by individual farmers at different times and several transactions may be made each day. Money will be passing constantly from the trader to the group's representative and on to the farmers. If inputs are also being purchased by the group collectively, record-keeping and money exchanges become even more complicated. At this level of activity the group would probably need to employ one or more competent and trusted people on a full-time basis. The group will, in effect, have to establish a small trading company owned by its members.

As time passes and as the revenue of the group increases, the farmers might wish to make an investment in community equipment. These could include a pick-up truck, storage buildings, drying floors, processing equipment, farm machinery, weighing scales, etc. The addition of such communal assets will, of course, increase the productivity of the farms and the value of their output but will also require credit arrangements and bank accounts. They may also wish to form close relationships with other similar farmers' associations (See page x).

Farmers, of course, should not be discouraged from establishing more complicated arrangements but, in order to achieve this level of competence, appropriate training will almost certainly be needed and the costs will need to be covered by a significant increase in revenue.

Record-keeping and bookkeeping at this level of complexity would almost certainly require the use of a computer and someone would have to be properly trained to use it. The group needs to understand that it may take years to modernise their activities in this way and it may never be possible for a small groups of farmers to achieve.

Although it may be useful to explain to farmers that the scope for collective activity is almost limitless, they should also realise that every step must be taken one at a time. As all these steps are taken the group should continue trying to reach more potential buyers to compare their prices. They should also attempt to find better sources of market information and learn how to interpret it for their own use.

Keeping terms and conditions for membership up to date

Although the group will have established some rules for membership at the first meetings, these rules may have to be changed as the collective marketing activity of the group changes and grows. As indicated in the example from the Kapchorwa commercial farmers group, the key reason for ensuring quality of membership was based on access to credit. If individual members failed in their financial dealings with the bank, the whole group were responsible.

Agreeing a timetable for the future

In order to plan properly for the future, the group should set itself a timetable for completing the next phase in their improvement programme.

Introducing new products for collective marketing will need planning. If some equipment is to be bought, the best supplier must be identified and necessary funds must either be collected from the farmers or set aside from sales revenue. Farmers need to report on how their crops are growing and how much they are likely to be able to sell. Arrangements need to be made in good time for the goods to be transported to the collection centres. Market information needs to be collected to find out where to sell the goods at the time they are available for sale. Space at the collection centre needs to be made available for when the goods arrive and packing materials must be purchased. Members need to be ready to carry out their appointed tasks when they are needed. All these dates need to be included in the timetable.

There is always, however, a chance that something will go wrong. Storms might wash out the road or reduce the crop yield. Packing materials might not arrive on time. Some dispute might arise causing some farmers to refuse to deliver their goods. This will mean that the timetable will have to be amended and new dates agreed. As each new transaction takes place the farmers will learn how to cope with these difficulties but some effort should be made to predict what might go wrong and what to do if it does.

In a more long-term plan the group should try to continue to make contact with new traders, extension services, government agencies, credit-providers, trainers, etc. who may be able to extend their improvement programme. They might also try to encourage other groups of farmers in the area to establish similar marketing systems.

Section 3

Tools for Collective Marketing

Finding and Making Use of Market Information[18]

Why market information is important?[19]

To get the best price for your goods you must try to find out what the best price is!

How can farmers know if the price being offered by a trader for their goods is the best price the trader can pay? If there are several traders competing fiercely with each other to purchase the farmer's goods, the farmer can feel confident that the trader is offering a fair price to the farmer. Unfortunately, in all countries of the world, including Uganda, traders will take advantage of farmers if the farmers don't know what the real market price is. Some traders will even collude with each other so that all the traders offer the farmer the same, low price. In other words, farmers lose money because they lack information about the market.

Although information about prices is very important, farmers may need other types of market information to sell their goods successfully.

They may need to know how much of a particular product can be sold to a particular trader. Some traders only deal in small quantities and some traders only deal in very large quantities.

It would also be useful if they could find out the cost of hiring a truck if they need to use one.

They also need to know if a road that they need to use to bring their goods to market has been cut, perhaps because of flooding or a mudslide.

Farmers can also benefit by knowing about expected crop yields in the rest of the country, whether cargoes of products are being imported from other countries and whether there is more demand for one product or another. This type of information helps them to decide what to grow and when to sell it.

The lack of modern communication systems in the region represents a serious disadvantage for successful marketing. Very few farmers own or have access to a telephone. The high cost of travelling to distant places makes it impossible for farmers to compare the prices being offered by traders in different market places. Most farmers have no option but to bring their produce to the local village market for sale or to wait for a travelling (**itinerant**) trader to visit their farm. In either case, they have no means of checking if the trader is offering a fair price for their goods.

When the markets were controlled by government marketing boards, official prices were fixed by these boards at the same level often for months on end. In those days farmers knew what price they should be receiving. Nowadays, wholesale prices can move up and down depending on the volume of supply and demand. The prices of some perishable crops, such as

[18] Market information services: Theory and practice – Andrew Shepherd – FAO – 1997e
[19] Understanding and using market information – Andrew Shepherd – FAO – 2000

tomatoes, can move up and down several times in a single day. Crops, like maize, beans and cassava, can be stored for longer periods of time and so price changes tend to be more gradual.

Price changes can make life difficult for both the trader and the farmer. In order to know which price to accept, farmers must obtain information from outside their village about prices and market conditions in the nearest town and provincial cities in different parts of the country.

At present most of this information comes from travellers – neighbours who have just visited relatives, lorry drivers, etc. – and from any extension workers or development agencies who might be working in the area. Farmers can also learn something from traders but this information may be unreliable as the trader may want to purchase the farmer's goods and will wish to pay the lowest price possible.

Despite these difficulties, farmers must try to get as much information as possible. This can be made easier if the farmers work as a group. They could, for instance chose one of their members to travel to a more distant market place to find out about prices, the amount of product they could sell at a given price, etc.

Finding out the price being paid at one or two of the markets where the group could bring its goods to sell on one particular day will not guarantee the farmers that price if they bring their goods to one of those markets several days later, however. The price could change between those two dates. The best way to get a more accurate and up-to-date idea of the price they are likely to get would be to telephone traders at each market to find out the going price on the day (or the day before) the goods are ready to be transported.

For this reason it is important for the group to try to get access to a telephone and use it to gather market information and to contact traders when they have products for sale.

It may not always be possible to telephone a trader but it may be possible to find a reliable person in the town in which the market is located who owns or has access to a telephone and who would be willing to travel to the market to find out the information needed by the group.

It may also not be possible for the group to invest in a mobile or land-line telephone. In many places telephones are too expensive. If this is the case, every effort should be made to travel to the nearest telephone, make the necessary calls from there and bring the information quickly back to the group. This information will help the farmers to decide which market to bring their goods to or whether to wait until prices improve (prices may not improve, of course). If traders are willing to bring a lorry to the group's storage place, the representative of the group can use the telephone to identify which trader is paying the best price and/or offering the best payment conditions.

Another way of getting more information about the current market price of a product is to find out what price the trader is selling at. If, for instance, he or she is selling a product at 100 shillings a kilo and buying only at 50 shillings a kilo and the costs for moving the product is only 10 shillings a kilo – the trader is obviously trying to make too much profit at the farmers' expense.

Groups of farmers, obviously, have more bargaining power than individual farmers. They may also be able to employ the services of an agent based in, say, the largest nearby town, who could make contact with traders and supply the group with market information. Such agents might even be able to pose as large buyers of goods to find out the price traders are selling. Government agents may also be able to help. All governments have to buy agricultural produce to feed hospital patients, civil servants, etc. They too could be useful sources of information.

Over time the group will establish closer relationships with a number of traders and will be in a position to choose the best and most reliable traders for each product they wish to sell.

At the same time farmers must be realistic. All too often traders are portrayed as the person whose sole aim is to cheat farmers. Traders offer many services such as finding the farmers, providing them with cash, harvesting their crops, transporting, sorting, and selling the crop onwards. All of these services are provided at a cost and farmers do need to include these costs in their calculations. Some of the activities can be replaced – for many others these are best done by an expert – i.e. the trader.

Other sources of market information

Various agencies, usually run by government departments, are offering market information services in the region. This information is usually broadcast by radio or in newspapers.

Some effort is now being made to strengthen, improve and co-ordinate the provision of market information in the region. In Uganda the service makes use of the new FM radio stations which broadcast in local languages but also in English.

Farmers should try to find out which agencies in their country are offering this type of information.

Farmers' market information services

Most farmers in Uganda don't have the ability to sell their surplus crops in far away towns. They need market information from villages and towns in their parish and district. For this reason, they might consider setting up their own market information service with other local groups of farmers. If, say, ten groups of local farmers need similar information, it may be possible to delegate a group member or even hire the services of a small-scale local trader to travel around the area on a regular basis and to report prices and market conditions in all the nearby markets and to report his information when he or she returns. The costs of transport and wages to this delegate could be shared by all the farmers who need the information.

Market information in Uganda

FOODNET is a regional ASARECA Network working on marketing and Agro-enterprise development. One of the main tasks of FOODNET is to develop business services that will assist producers, traders and processors to make more informed business decisions. To support this process FOODNET have designed and implemented three different models of market information services to service the marketing needs of traders, processors and small scale farmers in the agricultural sector. The services include:- (i) a localised market information service that aims to meet the specific needs of small-scale farmers and traders at the district or cluster of districts level; (ii) a national market information service, that provides a regular overview of the countrywide market status targeting Government, national traders and food security agencies, and (iii) a regional market information service that aims to support the needs of the formal and informal traders involved with cross border trade of high volume staple commodities. For further information on FOODNET see www.foodnet.cgiar.org

(i) Local market information services

This service aims to meet the need of a district or cluster of districts. The service has a dedicated marketing officer who provides information from the principal markets in the district and relates this information to the national situation. In addition to providing farmers with local news the service also provides farmers with educational radio programmes on "how to use market information" and also provides training in collective marketing.

(ii) National market information

The national market information service collects daily wholesale and retail price data from 4 markets in Kampala, see **Appendix 3**, and collects weekly prices of 28 commodities from 19 districts across the country, **Appendix 4**. This information is relayed back to 7-8 million people through a weekly market news report on local FM radios, see example script **Appendix 5**.

Information can be accessed on the Foodnet website and through email.

(iii) *Regional agricultural trade intelligence*
The purpose of the regional service, Regional Agricultural Trade Intelligence Network (RATIN) is to strengthen food security and enhance economic growth based on increased volumes and value of inter-regional and extra-regional trade. RATIN currently operates in four countries, Uganda, Rwanda, Kenya and Tanzania and is focussed on the information for the most highly traded commodities in the region, maize and beans. Unlike the market information services which are mainly focussed on spot prices, RATIN provides more details on how the market is

Table 4: Summary of key differences between national and regional MISs

	Local MIS	National MIS	Regional MIS
Target clients	Small-scale farmers and village traders	Farmer and district level traders, development agencies, policy makers	Regional exporters and millers
Number of clients	Many thousands within a limited territory, i.e., a district	Many millions, across a country	A more limited number of large traders and cross border agents < 5,000
Main information need	Price, local marketing conditions.	Price with some indication of current trade levels,	Price, volume, Grade of product, supply/demand data and information on changes transport costs, tariffs and policy issues
Number of products	Many > 20	Many > 20	Few < 10 probably 5
Number of data collection points	4 -5 markets within a district	Many > 20	Few < 5 points per country
Response time to trade opportunities	Rapid and opportunistic	Rapid and opportunistic	Slower and more strategic
Main dissemination tool	Radio, word of mouth	Email, Radio and SMS	Email, Internet / Worldspace based and SMS

Why prices move up and down

Many farmers still believe that the governments control the prices of the goods they sell. It is important, therefore, to explain to farmers that prices move up and down in any free market system and that price changes are no longer controlled by governments.

The prices of agricultural goods change from day to day or week to week because prices are affected by changing patterns of supply and demand. Every farmer has noticed that when rainfall is low in a season and harvest yields of, say, maize are low, the price of maize usually increases. If, however, a large consignment of foreign maize is imported into a country, the maize price is likely to fall. Prices are generally higher in big cities than they are in the countryside because many people in cities have more money to spend than country people and it costs a lot of money to transport products from the countryside to the town. In other words, if supply increases or demand for a particular product falls, the price falls. If supplies are limited or demand increases, the price goes up.

The prices of some products, such as cassava, are only affected by local changes in demand and supply. The prices of other products such as sim-sim or cotton, which are mostly exported to other countries outside Africa, are affected by changes in global supply and demand. The volume of supply changes throughout the growing season. Prices tend to be low at harvest time when everyone has to sell their output but the price rises to higher levels between harvests.

When traders find it more difficult to obtain supplies to meet their customers' demands they increase the price they pay to farmers or other suppliers and they also charge their customers more. When there are abundant supplies, they lower the price to attract more customers and lower the price they are prepared to pay to farmers.

There are many other factors which could change supply and demand. If transport is limited or roads made impassable due to heavy rain, supplies will be restricted. Supplies are also cut if plant diseases, such as cassava mosaic virus disease, spread through the crop and ruin it. Pollution in lakes and rivers can affect supplies of fish. Deliveries of food aid increase supplies in the market. A shortage of credit from banks will make it harder for traders to purchase goods from farmers which will have the effect of reducing supplies. If the economy as a whole deteriorates, more people will become unemployed and have less money in their pockets to buy things which will reduce demand for expensive types of food, like wheat flour, but may increase demand for cheaper foods like cassava. Rich tourists staying in hotels and holiday resorts are willing to pay high prices for high quality goods.

There are so many factors that could affect the price of a particular product that it is impossible to predict whether prices will go up or down in the future.

How to interpret prices

Farmers may hear on the radio that the price of a particular product in a big wholesale market in the capital city is 100 shillings a kilo. The price being offered by a trader on the same day in their village market might only be 80 shillings, however. This does not necessarily mean that the local trader is trying to cheat them. They should remember that the trader will have to pay for the goods to be transported to the capital city and that they may have to pay a porter to carry the goods to and from the lorry. They may also lose some of the produce during the journey. They may also need to borrow money to pay the farmer and so they must cover the cost of the interest charged by the money lender. In addition, they must also earn a living and so they must sell it for more than they have paid the farmer taking all the costs they have incurred into account.

Farmers should try to find out all these costs. If they then deduct these costs from the price that the product is trading at in the capital city they can find out roughly what profit the trader is taking and the price that the trader **should** be offering if they are taking a fair and reasonable profit.

Quality and quantity also affect price. If farmers offer a low quality product, they cannot expect traders to pay the best price. And, as we have said before, traders will not pay the full price for small quantities of goods.

Market research

The information that farmers most need is the current price of the product they wish to sell. Market information also includes –

- information about the amounts of produce being bought and sold on any particular day in the different market places that they may want to use,

- information about the cost and availability of transport, the names of the traders they can contact, what weather conditions are like, etc.

If farmers want to find out the long-term prospects for selling one of the products they already produce or to find out how successfully they could sell a new product, however, they will need to conduct some market research.

As most small-scale farmers are unlikely to have the skills or resources to carry out market research nor to analyse the data discovered in the research, they will need the help of SPs.

Conducting market research really means trying to find out as much as possible about the market for the goods that the farmers want to sell. This will include –

Finding out how the price of that product has changed over a long period of time.
The farmers need to know the maximum and minimum price they are likely to receive. It might be that the current price is acceptable and that they could make a good income by growing it if the price doesn't change. It may be, however, that in the previous year and the year before that prices were very low. This means that the price might drop to these low levels again and so it would be foolish to take the risk of growing it.

Finding out which traders deal in the product.
It would be no use producing a new product if there is no one to sell it to – or if there is only one buyer who can control the price they receive.

Finding out what quality of the product is needed.
It may be that there is a high demand for a product but that the customers need it to be of a very high quality or that it needs to be packed in a certain kind of way. If the farmers are unable to meet these demands – they should not produce it.

When the product is needed.
Some products are only required at one time of year. The farmers need to know if they can produce it at that time.

In order to be able to carry out market research, farmers or the SP they work with, should first try

to see if there is any written information about the market they want to know about. There have been many studies carried out on the agricultural markets of Uganda by development agencies and government departments. Some of these studies have looked into the possibility of finding markets for new products and products with a regional or international market. Some of the results of this research may be available on the internet but specialist agencies such as IDEA and FOODNET, based in Kampala (see appendix) should be able to help to advise farmers where to find such information.

If the farmers are only interested in finding out about the local market for a particular product, they need to travel to larger markets in their area and to ask as many traders as possible to help them obtain the information they need.

They might also try to find some consumers of the product. They should quickly be able to find out what kind of organisations buy the product. They may be individual shops, food-processing factories or hotels. The farmers or their representatives will need to interview these potential customers to discover the kind of information described above.

Analysis of data

Once this information has been collected it will need to be analysed to discover how successfully the new or existing product could be marketed by the group in future years.

The group needs to be sure that the findings of the research show that –

- the price they are likely to receive will offer them a good and assured revenue when taking the cost of production and any other costs into account.

- there are a sufficient number of traders or other customers to sell to.

- they are capable of producing the quality and quantity of product demanded by these customers.

- they are capable of producing the product when it is needed.

Once the group is satisfied that they can give a positive answer to these questions, they should take the same step-by-step approach to marketing the goods as described above.

Linkages[20]

Farmers' groups which decide to market their goods collectively are much more likely to succeed if they can link themselves to other useful organisations. These include government agencies, sources of credit, transport companies, suppliers of inputs, market managers, market information providers, seed suppliers, NGOs, schools, local government, other farmers groups, the farmers union, and trading companies.

It may take some time to build these connections but the group will need many kinds of support and the more connections it can make the more support they are likely to receive.

SPs working with these groups can assist in this process first by analysing the needs of the group. They may need some very basic skills, like literacy and numeracy. Access to credit maybe very important or they may need training from extension services. SP staff members should travel with a chosen member of the group to visit the appropriate agencies which might be able to offer these services and help them to obtain the help they need.

The most important connections, needed by all farmers' groups, are with traders and trading companies. Farmers should, obviously, try to make contact with traders who deal in the products they wish to sell. They need to have connections with small, local traders and larger traders in the District. They may even need to make a link with even larger traders in the Cities if they have a big enough quantity of goods to interest such large traders.

The SP may not be willing or able to afford to act as an intermediary between the farmers and the traders but traders are more likely to take a farmers' group seriously if the know they are being assisted by an SP. Traders are always interested to find new people to do business with but they must believe that they can make money by trading with them.

It may also be possible to build up a network of connections which could increase help to the farmers still further. A credit-providing agency, for instance, could lend money to a seed supplier who could provide the group with seeds. The farmers group could then sell the crop grown from the seeds back to the seed supplier who could then return the loan to the credit-providing agency. It is possible that another NGO could guarantee this loan. Local market managers may also be able to help the group by putting them in touch with the traders who use the market.

[20] A guide to building small farmer group associations and networks – FAO – 2001

Communications

Farmers' groups must be able to communicate as best as they can with organisations and companies outside their area but they also need a good system for communicating with each other.

Communicating with outside organisations

Modern communication systems such as telephone networks and FM radio stations are being established in most parts of Uganda.

If farmers wish to trade effectively with the outside world, they should do their best to acquire or get access to some form of modern communication system – a mobile phone would be ideal in the areas where such networks exist.

Of course, it is of no use to have a telephone if you don't know who to telephone. Many of the larger traders now do have mobile telephones, however. It is also likely that NGOs and other development agencies also have telephone lines. The telephone numbers of these organisations which might be useful to farmers should be gathered and recorded for future use.

Radio broadcasts

In most areas of Uganda FM radio stations have begun to operate. Most of these stations are commercial enterprises that earn their income from broadcasting advertisements. The companies who pay the radio stations for advertising their wares want the broadcasts to be heard by as many people as possible. These broadcasts, therefore, have to be interesting and entertaining. In rural areas most listeners are likely to be farmers and some radio station managers have realised that farmers are interested in listening to programmes about farming and programmes that offer market information about agricultural products. Some governments and other agencies are making such programmes and are able to provide them to these local FM stations.

Farmers are likely to know if they can receive farming programmes on their radios but some effort could be made to contact these local radio stations. If they are not broadcasting such programmes, they could be asked if it were possible for them to do so. If they are, farmers should express their opinion on whether the programmes are useful – are they being broadcast at the right time of day? Is the market information accurate? Are they broadcasting in the right language? If the station understands that more farmers would listen to their broadcasts if they improved their programmes, they would have a big incentive to try to comply. If farmers regularly contact the station, it will help the broadcasters to match the information they put out with the farmers' needs.

Communication within the group

Establishing a proper communication system between members of the group is just as important as communications with outside organisations and firms. This is another reason why groups should keep their membership limited to the number of farmers who can be easily reached on foot or by bicycle.

Members need to be contacted to find out when they are harvesting crops for sale and each

Mobile phones and SMS.

In many countries in Eastern Africa, including Uganda there has been an "explosion" in the use of mobile telephones. As there are no wire connections, coverage for these phones has penetrated into many remote rural areas and in Uganda, virtually the entire country is accessible on one of the three mobile phone systems.

These phones not only provide voice services, they also allow for short text messages (SMS). The text message is cheaper than a phone call and can be used to ask a question to a known trader such as 'What is your best price for two tons of good quality large beans?' Alternatively, the SMS can be sent out to many traders within the locality with an offer. E.g. 'Zabade Farmers offer large beans delivered to Kamuli town market, 400 Uganda shillings/kg – stocks held are 15 tons, as of Monday 12th 14:00 hrs. If interested, call 077 -333456.'

In Uganda, the SMS platform is being used to transfer data from the field to the market information services. However, for farmers and traders, a dial up service has also been established which enables farmers to call into an SMS centre and ask for prices of the major commodities. In Uganda, FOODNET have set up a system whereby, the caller can ask for prices of the following commodities across the country. **MAIZE, MILLET, RICE , SIM SIM, SORGHUM, BEANS, GROUNDNUTS, SUN FLOWER, MATOOKE, CASSAVA, POTATO IRISH, POTATO SWEET, COCOA, COFFEE, VANILLA.**

The system operates on a call up system, whereby the caller dials in a key word as listed above, e.g. MAIZE and then sends this message to the SMS service provider e.g. 198. After 3-5 seconds the phone will receive a SMS message which will display prices as follows:- Maize-UGS/KG-W/SALE:Kla225 Aru350 Glu200 Iga210 Jja210 Kab230 Kse180 Lra220 Lwr300 Msk350 Msi200 Mbl230 Mbr275 Rki180 Sor250 Tro250. FOODNET * RADIO WORKS 7/02/04 See Footnote for details of message[21].

Mobile phones are available across large parts of the country in Eastern Africa and provide a new information platform that has much to offer for trade. The SMS commodity service is currently operating in Uganda and Kenya.

farmer needs to contact the rest of the group if they have any delays or difficulties in delivering goods. Most importantly, each member has to be informed about the date, place and time of meetings or to be informed about the decisions taken at meeting if they are unable to attend.

Of course, most African farmers are extremely good at passing on information to each other but, when it comes to group activities, this communication must be conducted in a very systematic way. A list of members should be used to make sure that each farmer is regularly contacted to keep them and the group fully informed about all activities concerning collaborative marketing.

For groups of farmers who live very near to each other, this should not be a problem as members can be contacted by walking or cycling to their house. Many farmers working poor or less fertile land live some distance from each other, however.

[21] Acronyms of market centres, See Map 1 for locations:- Kla- Kampala; Aru – Arua; Glu – Gulu; Iga – Iganga; Jja – Jinja; Kab – Kabale; Kse – Kasese; Lra-Lira; Lwr – Luwero; Msk – Masaka; Msi – Masindi; Mbl – Mbale; Mbr – Mbarara; Rki – Rakai; Sor – Soroti; and Tro –

E-mail and the web

Most of the largest traders in Uganda own computers which, when linked to the telephone system with a modem, can communicate with other similarly linked computers using e-mail. Although e-mail is an extremely cheap way of communicating, the cost of a computer is normally quite beyond the means of ordinary farmers. In addition, those wishing to use e-mail need some training in how to operate the machines and must be able to read, write and type competently. For an averagely intelligent and literate person with no familiarity with computers to reach the necessary competence to use e-mail it might take a week of training. If that person is already familiar with computers, operating e-mail could be learned in an hour. Computers still often go wrong, however, and operators need to have access to a computer engineer to put it right when this happens.

Farmers' groups contemplating the use of a computer in order to be able to use e-mail would, therefore, need trained personnel, a working phone connection, a supply of AC electricity and the computer itself. They could also only justify the use of such equipment if they needed to do business with traders who also use e-mail. This means that only comparatively wealthy or large 'groups of groups' are likely to be able to use e-mail. Some farmers, however, may be lucky enough to be working closely with a well organised SP or may be working with a sales agent in the location where their goods can be sold. If these contacts also use e-mail, the farmers might be able to make good use of this equipment.

If a farmers group has got access to e-mail, they will also, automatically have access to the internet or world-wide web. There are literally millions of information sources available on this system including the texts of many newspapers and journals, agencies offering farming advice, information about available farming equipment and market information for internationally traded agricultural commodities. Unfortunately, the web carries very few sources of information about local African markets although some effort is being made to begin supplying such information and the web may become much more useful in the future.

Relationship with Traders

In Botswana there are very few local traders in agricultural products. There are two main reasons for this. The government still controls the market of the main agricultural products and most other goods are either imported from South Africa. Even locally-produced goods are distributed by large South African firms. This means that farmers who wish to sell their goods in local markets have to do two jobs. They are farmers but they are also traders. They have to find retail shops or roadside markets that are willing to purchase their goods and then negotiate prices and other sales conditions. They then have to arrange for the goods to be transported from their farms to the shop or stall. This takes them a considerable amount of time.

Farmers have neither the training nor the experience of acting as a trader. In most developed countries farmers rely on a network of professional traders to act as intermediaries between themselves and the customers. The problem with the agricultural market in many African countries is that there are too many 'middlemen' between the farmer and the customer and these traders do not compete with each other enough to make sure that they offer the farmer the best price. There would be less need for market information if farmers could be sure that traders were cutting costs and profit margins in order to win business from the farmer.

The typical market chain in Africa is made up of very small-scale traders who buy from the farmers – medium-scale traders who buy from the small-scale traders and very large traders who buy the goods from the medium-sized traders. The price paid for the goods increases as the batches of traded goods get larger with each transaction. Collective marketing allows farmers to cut out the smaller traders in this market chain.

Of course, there are exceptions to this typical model. Some large traders employ agents to travel around the country buying directly from farmers. In addition, some farmers are lucky enough to be able to sell all their surplus goods directly to customers in village markets or at roadside stalls. If a farmers' group can dispose of their products at higher prices, they should continue to do so but this option will not apply to most farmers.

If farmer groups can cut out the bottom level of small-scale traders they are likely to make more money but they are also likely to upset these local traders who will have less products to buy and sell. These local traders may have good relations with the larger traders and might persuade these larger traders to stop doing business with the farmers.

Most African countries have too many traders making a living out of poor farmers. The market would improve if there were fewer but larger trading companies, as there are in developed countries. Farmers could be paid more and consumers would pay less if traders' costs were cut. Larger companies are generally more efficient than small companies as they too can take advantage of economies of scale.

It is very important, however, for farmers to maintain good relations with traders. If all traders went out of business, farmers would have to act as traders as they do in Botswana, and would have less time to produce the goods they need to sell. Traders are also a good source of market information – imperfect as it may be.

The best way of ensuring a good, working relationship with traders is to become a reliable supplier of consistent quality products – to make sure that they are available at the date agreed with the trader and to sell them at a price that is fair both to the trader and the farmer.

Negotiating with traders

Traders know of many tricks that they can use to get the highest profit for themselves. They may not tell the truth about the market price. They may claim the quality of the goods is not up to standard. They may threaten not to do business with the farmer unless the farmer agrees to a lower price. They may collude with other traders so that all the traders in the area offer the same, low price.

Most of these problems could be overcome if farmers provide themselves with accurate, up-to-date market information.

Farmers want the highest price for their goods and the trader wants to pay as little as possible. At the same time, the farmer worries that if he or she demands too high a price, the trader will refuse to buy it and the farmer will be left with an unsold product which might rot or deteriorate over time. The farmer should remember, however, that the trader must buy products or they will go out of business. Traders also want to buy a certain quantity – to make up a lorry load or to maintain the turnover of their business.

Negotiating with a trader is like a game of cards – traders often play a game of bluff. They pretend that they know of many other farmers who are willing to sell at a cheaper price. They may also pretend that the quality of the product being offered by the farmer is of low quality. If possible, therefore, farmers should try to find out what price other farmers are selling at. Some of them may, indeed, be selling at lower prices but they may only have small quantities to sell.

The negotiation usually starts with the trader offering to pay a low price and the farmer insisting on a high price – a price that should be based on the market information they have received. Unless the farmer can be absolutely sure that the price they are suggesting is the price the trader will pay, the idea of the game should be for the final agreed price to be somewhere in between the trader's offer and the price that the farmer first demanded.

It should be understood that a farmer will never get the very best price for their goods unless they are prepared to refuse to sell to the trader and risk ending the negotiations. It may be, of course, that farmers are in a weak bargaining position because

- they don't know of any other traders to start negotiating with
- the product is starting to deteriorate
- they are desperate for money.

In this position, all the farmers can do is to plead with the trader for a higher price than the trader offers and to say that, if the trader does pay a higher price, they will contact him or her in future when they have new quantities of the product. In other words, they will become a reliable supplier.

If, on the other hand, they know several other traders and they are not desperate to sell at that moment, they should be strong (or appear to be strong) and refuse to sell unless the trader pays a higher price. Their bargaining tactics should be as tough as the trader's. At the same time, it is often wise not to insist on the very highest price because they never know when they will need the help of the trader in the future. They need to get the reputation for being reliable suppliers of a consistent quality product so that traders will acquire the habit of visiting them regularly and taking them seriously.

Reputation is all

Definition – Reputation – Opinion held by others about someone or something; the degree to which one is well thought of.

It takes time for a business to build relationships of trust with partners. Building strong business relationships is something that needs to be worked upon, by the group constantly. The group should try to make sure that relationships within the group and relationships between the group and outside business partnerships are cultivated with care.

The "reputation" of a group is built by making sure that you offer the customer, the trader, the very best quality of product and service that you can offer. Making sure that the client is aware of your quality, that the price is fair and that each sale builds upon the last business transaction will assist in building respect for the group.

Similarly in dealings with other businesses such as banks, input suppliers and transporters, honest business practise and being true to your word, will place you in a position to build upon previous actions.

All too often, one hears stories of farmers doing the following:-

(i) Adding sand to the grain at the time of sale to increase the weight of their bags,
(ii) Adding stones to bulk the commodity,
(iii) Mixing good quality with poor product,
(iv) Mixing wet product with dry product,
(v) Refusing to pay back loans,
(vi) Selling their produce to one buyer after having agreed on a price with another trader,
(vii) Accepting credit in the form of seeds or fertiliser from a trader and then selling the produce to another trader,
(viii) Adulterating the products of other farmers to make themselves look good.

Traders are aware of these tricks, they use counter tricks, but in the end, poor business practise will lead to building a reputation for untrustworthiness. Traders will avoid such groups and the business opportunity will be lost. Once credibility of a group is lost, it is very difficult to rebuild.

Honesty and customer service are probably the most important principles of good business practise and all groups should hold to these principles if they are to build a long term business.

"Achieving a good reputation is a life's work;
Losing your reputation can be achieved in a moment and will last a lifetime."

Sales contracts[22]

Although it is still not common practice in the region for traders and farmers to enter into written contracts, it may be possible, after many successful transactions, for large groups of farmers to suggest to the trader that they draw up such a contract to supply a particular product on a regular, long-term basis. This contract should be signed by the farmers' representative and the trader and an independent witness.

The price could be linked to a price announced by a market information provider and the quantity offered for sale, say every season, could be flexible – a minimum and maximum. The contract would then have to specify the quality (and packing, if appropriate) and the date and place the product will be made available.

The advantage of a supply contract is that the farmers could plan ahead more easily. There is no point in entering into such contracts, however, if the trader is unreliable or if the contract cannot be easily and cheaply legally enforced. All such contracts should have, what is called, a **force majeure clause**, which allows for the farmers to fail to deliver the goods if they are unable to do so as a result of factors out of their control – bad weather, plant disease, etc.

If farmers are not very satisfied with the final price being offered by the trader but feel they need to sell some of their stock, they should consider selling, say, half of it and then look around for another trader willing to buy the second half at a better price.

A tactic used by one Ugandan group was to employ the services of an experienced trader to help them conduct negotiations. Some local traders are likely to lose their livelihood when the group starts to do business with bigger traders. Such people should be available to work for farmers' groups. They will know how to do business and have the necessary negotiating skills. It is also likely that they will know enough other traders to be able to get accurate market information. Anyone from outside the group who is offered such a responsible job should, however, not be trusted completely until they have won this trust from the group. They could be tempted, for instance, to agree a low price with the trader, claiming it was the best price they could get, and afterwards receive a cash bonus from the trader.

[22] Contractual Marketing – CEDO -2003

Record Keeping

If the group begins by selling only one batch of goods, say, every two months, record-keeping is very simple.

The names of each member of the group have to be kept on a list.

The quantity (weight, number of bags, etc.) delivered to the collection point has to be recorded against each name.

If there are any quality differences between the goods delivered by each farmer – that has to be recorded too.

Once the goods have been sold, the proceeds have to be divided up. Some money may have to be paid to those members who have carried out work on behalf of the whole group. These amounts need to be agreed before the transaction takes place. Some money may have to be set aside in some secure place if the group has decided this in advance. Such funds may be used by the group to buy some equipment, for instance. An accurate record must be made of the money in this savings account and one or two members must be held responsible for its safekeeping.

The remaining proceeds must be distributed as quickly as possible to each member according to the amount of produce they have delivered. Members who have delivered a poor quality product might have to be paid less if the trader has been unable to pay the best price for that poor quality product. Any reductions in payment for poor quality deliveries should also be agreed in advance.

Every group should start their collective marketing in this simple way in order for them to get used to the way these records are made and used. The group should not attempt to move on to more complicated activity until they are absolutely sure that they have mastered these tasks.

Record keeping becomes much more complicated when the group begins to get involved in multiple deals selling multiple products and purchasing inputs.

If no one in the group has the necessary skills and experience of carrying out this type of administration, the group would be wise to have one member trained for this kind of work. It is extremely easy to get into a muddle if proper books are not kept.

Such activities are not, however, rocket science. They can be learned in a few days from a good and experienced trader. It maybe that, when the number of transactions increases, one of the group will have to spend all their time keeping records, handling proceeds and operating savings accounts.

Money Matters

The group will decide whether it wants to distribute all the proceeds for sales to its individual members or whether to establish a group savings scheme. It may be that the group is too poor or too much in debt to contemplate saving even small amounts of money. Collective marketing, however, should have the effect of increasing the total revenue of the group and there could be considerable advantages in investing savings, either to help obtain credit or to buy new equipment or other inputs.

At a simple level, the group could hold back a small proportion of the proceeds from each sale and save it up until they have enough to buy a vehicle or storage facility or whatever else they have decided to buy. Even a small amount of group cash assets can help the group to borrow more money to improve the members' farms or income.

There are many schemes in Uganda which enable businesses to borrow money although very little money is lent to farmers. This is because farming is a very risky business. Some of the largest aid agencies, however, do offer what they call – micro credit. These are often small amounts of money lent at reasonable interest rates. Even these agencies are reluctant to lend money to anyone who has no assets. If the group has some assets and is seen to have proper rules governing their activities, some of these agencies are prepared to offer 'matching funds' to the group. In other words, they will contribute loans which equal the value of the group's assets and/or savings.

Farmers should contact an SP to find out how to get in touch with micro credit providers to see if they can help them.

In order to qualify for such help the group's funds will have to be held in a properly registered bank – usually the bank owned by the micro credit providers. All farmers should be wary of using banks, however, as many banks have gone broke in the past and the farmers who have deposited their money with them have lost everything. They should not deposit money in any bank that is not controlled by a large international company or development agency.

All banks charge interest on loans and the group should only borrow money if they are sure that the increased revenue they get from the use of the borrowed funds is considerably greater than the cost of interest. They should also make sure that they earn interest on any funds that they deposit with the bank.

Section 4

Maintaining Momentum

Sustaining Collective Marketing

If collective marketing proves to be beneficial, the group needs to continue these activities. There are many factors that could prevent this –

One transaction that goes horribly wrong could discourage further activity.

It may be that a particular local NGO has helped the group in its initial stages but cannot continue its support.

The group may not feel confident enough to continue without that help.

It may also be that a particular member of the group has been instrumental in organising the group and this person may move or become unable to continue their role.

It may also be that the group becomes so used to a routine of carrying out these activities that they neglect to hold meetings or fail to carry out proper record-keeping. When this happens members can quickly come to distrust one another.

This manual has stressed the importance of holding regular meetings even when the activities are successful but, especially, when things go wrong. Only by identifying good practice and analysing bad practice can the group maintain high standards and change practices when necessary. The key to the group's success is participation by the whole group in developing systems that work best and this can only be done at regular meetings.

At each meeting there should be a report from all those engaged in work on behalf of the group so that they have a chance of telling everyone about their successes and difficulties.

The group should never allow a single person to become indispensable. Whatever job they are assigned to do, they must always try to pass on their skills and experience to an assistant or co-worker.

Although it is useful to have strong, charismatic leaders, they must never be allowed to oppose or dominate the democratic will of the group.

If a transaction goes wrong, the reasons for failure must be thoroughly discussed so that the group can decide whether to continue group activities or abandon them. If it is found that the things that went wrong can be corrected by changing the systems, appointing someone else to carry out a task, getting better market information, purchasing some simple equipment or finding different traders to deal with – then it might be possible to learn from the mistake and make successful transactions in the future.

The important lesson is to maintain and improve standards and make sure of proper and regular participation by the whole group.

In order to maintain momentum it is also useful not to stand still. There are always new things that can be done to expand collective action. Decisions to increase the number of products

sold collectively or to carry out more quality control or to increase processing of the goods should not be made until the group has completely mastered existing activities. Once this has happened the group should accept new challenges. If members see clearly that, with each new activity, their income grows and they are working harmoniously with their neighbours, then they will readily accept a new challenge.

Regular Assessment of the Groups' Progress

Every project should be regularly assessed by the SP to measure progress or lack of progress and to decide if the methodology and practice are bringing the expected results. The lessons that are learned by every success and every failure might mean that some changes to the project may have to be made. The SP might decide to continue working with a group even if they have had set-backs provided that the SP and the group still feel they can achieve their aims in the end.

On the other hand, it would be wrong to continue working with a group that fails to respond to advice and loses its enthusiasm for the project.

Although the project should be monitored constantly, the project should be properly assessed at least once per year.

Expanding the Group

The general rule should be to take great care about admitting new members. When a group is working well together they form close and trusting bonds with each other. A new member can disrupt these bonds – they may be thought of as newcomers who should earn their place in the group. Existing members may think that they should get a lesser share of the benefits they have worked so hard to obtain. If they have been introduced by a friend or relation in the existing group, that friend might resent the way the newcomer is being treated. In addition, bigger groups mean bigger meetings and it is hard enough to make sure everyone, even in small groups, get their say. Taking on new members should only be done if everyone in the group agrees.

Joining forces with other groups

Despite this warning, there is no reason why the group should not form a close relationship with other, similar groups. They could even help another group to be formed.

There could be great benefits in one group pooling its resources with another so long as each group maintains its autonomy and makes and abides by its own rules. Co-operation could come in many forms – they could share equipment, combine quantities of goods for sale, exchange information or hire an employee jointly. They could also have joint meetings for the purpose of extension training.

Whatever relationship groups have with each other they should not become competitive and it might be possible to strike an agreement with another group to this effect. They should try not to undercut each other on price or monopolise some equipment or service. If, however, this relationship breaks up, the group should be ready at any time to go back to working by themselves.

Forming groups of groups

Even when a group of farmers have mastered the ability to work closely together to market their goods collectively, they may still find that they do not produce enough surplus products to interest the largest traders who may pay the best prices.

These groups might be in a position to form an alliance with several other similar groups. This may not be possible in the early stages of group formation. This is because there are, as yet, so few collective marketing groups in Uganda and it is impossible to organise bigger farmers' organisations without first building a large network of smaller groups.

The formation of much larger farmers' organisations should be the future goal of service-providing organisations, however. If, let us say, ten groups each of fifty members could join together in marketing activity, their surplus output would be as large as some of the largest farms in Uganda. Such a 'group of groups', or **apex groups** as they are sometimes called, could co-ordinate their activities and increase their economies of scale still further. Groups of this size might be able to afford a truck, to buy mobile telephones and computers, employ professional staff and negotiate long-term sales contracts with the largest traders.

But how would such large associations of farmers work together? Even when large groups are formed it is very important for each of the smaller groups, which make up this large group, to retain their independence and to control their own affairs. At present, it would be impossible for 500 farmers to meet and make decisions effectively. In order to work with other groups one or two chosen members from each group would need to represent their members at meetings attended by the chosen representatives from all the other groups.

At these meetings the representatives may recommend, for instance, to purchase equipment for the use of all the groups in the association. Each representative would then return to his or her own group to discuss this suggestion. If this local group agreed with the idea, they would instruct their representative to reflect this decision at the next group-of–groups meeting.

Using Commodity Exchanges

Most countries with a large agricultural sector have established commodity exchanges. A commodity exchange was recently set up in Kampala which could be of use to large farmers associations or groups of farmers groups. The commodity exchange is a place where people with products to sell come together with people who wish to buy the product. Samples of the goods are displayed to allow the buyers to examine them. All the buyers then offer a price at which they are prepared to buy the goods and the buyer who offers the highest price purchases the goods. These transactions take place in public so that everybody knows the price and other conditions agreed in every transaction.

Unfortunately, commodity exchanges cannot deal in small batches of goods so only large producers or large farmers' associations can make use of them.

These exchanges can be of use to smaller farmers' groups in another way, however. On every day the exchange is open for business several different commodities (crops) are traded. Everybody knows the price at which the goods are sold, and these prices give us a good guide to the price that should be paid for the same sized batches of the same product sold privately. Larger farmers groups would, therefore, be well advised to find out the price traded on the exchange for some product on the day that they wish to sell the same product. This should help them to know what price they should offer to their private buyer.

Using Warehouse Receipt Systems[23]

Warehouse receipts (WR) are:

> *documents issued by warehouse operators as evidence that specified commodities of stated quantity and quality, have been deposited at particular locations by named depositors.*

The depositor may be a producer, farmer group, trader, exporter, processor or indeed any individual or corporate body. The warehouse receipts may be transferable or non-transferable. WRs can be transferred to a new holder (a lender or a trade counterparty) by 'delivery and endorsement', or simply by delivery (as bearer documents). This entitles the holder to take delivery of the commodity upon presentation of the document at the warehouse. Negotiability is a special case of transferability; WRs are described as 'negotiable' when a bona fide holder gets a perfected (i.e. legally unchallengeable) title to the underlying commodity.

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[23] Largely taken from J Coulter and G Onumah (2001) Enhancing Rural Livelihoods through Improved Agricultural Commodity Marketing in Africa: Role of Warehouse Receipt Systems, Paper presented at the 74th EAAE Seminar on Livelihoods and Rural Poverty: Technology, Policy and Institutions; at Imperial College at Wye, UK, September 12th, 2001.
Kwadjo G.T-M. (2000) "Inventory credit: a financial product in Ghana", Paper presented at conference on "Advancing micro-finance in rural West Africa", Bamako, February 22-25, 2000.

The warehouse operator holds the stored commodity by way of safe custody; implying he is legally liable to make good any value lost through theft or damage by fire and other catastrophes but has no legal or beneficial interest in it. The integrity of the system rests on the reputation of the warehouse operator, the local legal framework and its enforcement by the courts, and on the effectiveness of any regulatory authority established to ensure that warehouses comply with the law.

There have been attempts by NGOs to establish inventory credit systems for small farmer groups (e.g. TechnoServe in Ghana). Although there were major immediate benefits to participating farmers, the approach has not proven economically sustainable because of the small volumes of grain involved – never much more than 1,000 tonnes of maize in a single year and usually much less (Kwadjo, 2000). The cost of the supervisory inputs by the NGO is often out of proportion to the benefits involved. This and other experiences suggest that, to be sustainable, warehousing schemes must appeal to a wider clientele than simply smallholder farmers, thereby building up volumes, reducing unit costs and improving overall system efficiency.

In light of this, warehouse receipt systems appear to be more appropriate for larger, well-established groups of commercially orientated farmers with a proven track record. At the same time, warehouse receipt systems are often also targeted at traders who are dealing with larger quantities and who are in a better position to meet the banks' requirements.

Appendixes

(Source: Foodnet / NRI, 2002, Transaction Cost Analysis, Kampala)

Farmers groups have the potential to reduce overall transaction costs and to improve relative net prices to farmers. The following three case studies, which illustrate encouraging developments for the future of FCE's in Uganda, were analysed during the course of the assignment.

(1) The Nakisenhe Adult Literacy Group (NALG) – Iganga

Background: The NALG is farmers' maize marketing group, located in Iganga. It developed from an adult literacy group formed in 1993, into a farmers group with the aim of encouraging the pooling of their produce to improve marketing efficiency, quality and prices. NALG claim to be pioneers of a system, now in its fifth season which has transformed farmers into farmer /traders. NALG currently receives technical and financial support from the IDEA Project.

The NALG currently has about 850 active members, all farmers, 60% of, which are women, drawn from the Iganga, Kamuli, Bugiri and Mayuge districts. The group's organisation involves a management committee of seven members, a secretariat of six members and a general assembly of all members.

In 2001 NALG sold a total of 1367 mt of maize (450 mt in season (1), and 917 mt in season (2)), and have a target of 2200 mt (1200mt + 1000 mt) in 2002.

NALG – Function & Services: NALG function as (1) a sales/commission agent for its members, (2) operate 16 (ex Cooperative) stores in the 4 districts from which membership is drawn, (3) provide training and advice on post harvest handling and quality standards, (4) provide agricultural inputs, (5) provide marketing information to farmers.

Stores: are a standard 50ft x 150 ft (capacity – 300mt), and are rented at Ush 100,000 per season (6 months). When visited, the stores seemed to lack any security.

Sales Commission: is currently Ushs 10 / kg, and is approximately 10 % of sales value (Nb; the current maize price is only about Ush 100 / kg, compared to Ush 200 to 250 / kg last year)

Post Harvest Extension Services: are geared to meeting buyers' quality standard requirements.

Agricultural Inputs: are provided by making credit available, or in "kind" and are secured against the value of farmers' maize in store.

Marketing Information: on maize prices is provided weekly at NALG stores, and show levels at NALG store, Town and Village.

NALG Operations: Farmers deliver maize to NALG stores, or NALG arranges collection. Maize is cleaned and checked for quality before storage is permitted. If the maize is of marginal quality NALG will clean it, but it is of poor quality and highly infested, it is rejected and usually sold to local Posho Millers.

When a farmer's maize has been accepted into a NALG store he/she is given an official storage certificate, issued by the Nakisenhe Produce Centre (NPC) which states:

- Item (maize)
- Grade (A or B – as tested before acceptance)
- Quantity (minimum 1 bag of 100 kgs)
- Received by (Store managers signature)

+ An authorisation by the owner (farmer) for the NPC to sell the certified produce at a minimum price, less deduction of fees which are as follows (current Ush rates in brackets):

Drying (4 / kg) – from 18/20% to, say < 14% which usually takes 2 days at 2 / kg per day.
Packing / stitching (2 / kg)
Bagging (5 / kg)
Storage (5 / kg) – no time limit / until sale is made.
Transfer (3 / kg) – transport from farm to store, if required.
Sales Commission (10 / kg)
TOTAL COSTS = 29 / kg

The maize is either sold by the NPC, or can be taken back by the certificate holder, after deduction of fees. The certificates are transferable, usually between farmers with the endorsement of the NPC. The system is a basic form of warehouse receipt system, but without credit availability – except for agricultural inputs where, apparently, the stored maize is used as collateral.

Marketing & Sales: A primary aim of NALG is to obtain premium prices for its members by pooling quantities, improving and standardising quality, and contracting with larger buyers / traders, ie, eliminating certain of the middlemen in the marketing chain (eg, itinerant traders, roadside assemblers, village market operators).

A main market is the World Food Programme (WFP), whose terms require delivery to a specified location, eg WFP Warehouse Tororo. Contracts are usually for a minimum of 100 mt, and payment is in US Dollars.

For obvious practical reasons NALG contracts with the WFP as principal, and not as agent on behalf of its farmer members. It would appear that farmer members are not aware of the margin made by the NALG between NALG store and delivered WFP store. There are costs involved in this aspect of the transaction, which were advised as follows:

Cost of Performance bond in favour of WFP – 5% of contract value, valid for 90 days
Interest – payment by the WFP is 30 days after presentation of documents
Inspection and certification charges (SGS) – Ush 1 / kg
Fumigation certificate charges (MOA) – Ush 40,000 per contract
Membership of Associations (ACC) – Ush 100 for each registration

Notwithstanding the above costs, there be an additional profit margin over and above their sales commission, which may cause problems (lack of transparency / maybe not deliberate) in the future, as NALG expands volume.

Other markets are Kampala based traders, eg UGT Quality standards were not available, but believed to be higher than those of the WFP.

Conclusion: The NALG model is of great interest in view of its potential as a model for replication in maize production areas country wide, in other crop marketing systems, eg, beans and cassava, and for development as a genuine warehouse financing systems, benefiting small scale farmers.

The key issue is whether NALG is a sustainable operation, without the financial and technical support currently being given by the IDEA Project

(2) The Masindi Seed & Grain Growers Association – Value Added Centre (MSGGA), Masindi

The MSGGA was originally formed in 1984, as a cooperative, but its current constitution dates only from 1995.It comprise about 100 farmer members (about 50 active members) located within a radius of approximately 50 kms from Masindi Town. Its objective is to buy, dry, clean and market maize with a view to adding value for the benefit of farmers. It also handles maize for third parties, eg, CBO's and refugee groups, and operates in other commodities, primarily beans.

In 2001 the Association handled between 800 and 1000 mt of maize including volumes traded on its own account.

Services: It provides agricultural extension and crop post harvest / storage training to farmers.

Costs: The following were given:

Transport (Farm to Masindi Town central store) – Ush 10/kg
On-loading/weighing – Ush 2/kg (weighing at farm gate is discouraged)
Off-loading/stacking – Ush 3/kg
Local taxes – Ush 2/kg
Fumigation – Ush 3/kg per round, depending on level of infestation (once every 30 days)
Drying – Ush 4/kg
Cleaning & sorting – Ush 3/kg
Rebagging/stitching & stacking – Ush 1.5/kg
Cost of storage facility & management – Ush 5/kg
MSGGA Commission – Ush 3.5/kg
TOTAL – Ush 37.00/kg

Maize is "pooled" and when economic quantities are available in store (say, 100 mt), sales are made to the WFP and UGT on a delivered Kampala and/or Tororo basis. Additionally, lorry loads (100 x 100kg bags – 10mt) are sold on an "off lorry" basis at the Kampala Kisenyi market, and occasionally, sales are also made to traders (local and Kampala based) on an ex store Masindi town basis.

The following tertiary marketing costs were given:

- Fumigation – Ush 3/kg (WFP & UGT sales)
- 50 Kg WFP bagging expenses – Ush 13/kg
- Security – fixed cost/not given
- Transport – Ush 40/kg (to Tororo) & Ush 25 to 30/kg (to Kampala)
- Contingencies/taxes/losses/damage/ administration – Ush 5/kg

General comments: The following comments were made by the MSGGA management:

- Farmers are not keen to invest in machinery and equipment to clean their maize, eg, shalers and sticks for threshing. The threshing cost is estimated Ush 10/kg, including equipment, and farmers consider both the cost and labour involved to be prohibitive.
- Farmers deliver their maize in trust and receive a storage (warehouse) receipt, which can be traded between members.
- Farmers are not given credit.
- Major constraints are:
  - The system is based on trust, which has been abused in the past (during the cooperative movement period).
  - There is no price differential according to farmer's quality supplied (Nb: MSGGA will not accept sub standard maize into its central store)
  - Lack of affordable credit.
  - Poor infrastructure for intra-regional trade
  - The need for capacity building, particularly in marketing skills.
- Lack of reliable, regular market information.

Conclusions: As in the case of the NALG model, the MSGGA is of great interest in view of its potential as a model for replication in maize production areas country wide, and for development as a genuine warehouse financing system, benefiting small scale farmers.

MSSGA appears to be a sustainable operation, but whether donor financial and technical support is being received was not revealed.

(3) The Uganda National Farmers Association (UNFA) – Agribusiness Ltd (AL)[1]

AL has been established as the commercial wing of the UNFA and is a shareholder in UGT. In 2001 it purchased around 650 mt of maize from UNFA members, which it dried, cleaned and bagged as part of UGT's export stock for the fulfillment of the Zambian contract. AL only pays its farmers for FAQ maize, therefore, unlike NALG and MAGGA, have not been trained to improve quality and have no access to premiums. AL's volume operation is currently limited by limited access to trade finance. Despite its limitations, AL seems to have potential to develop into a genuine farmers marketing, group, accruing benefits in terms of increased net incomes, at farm gate level.

[1] Source: EU Commodity Market Information & Risk Management Report, Mandl & Mukhebi, February 2002

Quality Standards in Uganda and Kenya

Appendix 2

(A) Kenya Standard Specification for Dry Shelled Maize

(Extract from Kenya Bureau of Standards KS 01-42: 1977, amended October 1979)

Quality Requirements

Shelled maize shall be free from foreign odours, moulds, live pests, rat droppings and other injurious contaminants.

Shelled maize shall not contain levels of chemical residues higher than those recommended by the Crop Storage Technical Committee of the National Agricultural Laboratories of the Ministry of Agriculture.

Shelled maize shall have a white or yellow colour and may be dent or flint variety.
Shelled maize shall be clean and dry
Grades
Shelled maize shall be classified as grade K1, K2, K3 or K4.

In addition to the quality requirements prescribed above, shelled maize shall meet the purity standards shown below when the shelled maize is samples and analysed according to prescribed methods.

Reject Maize – Shelled maize which has any commercially objectionable faulty odour or taste or which is otherwise of distinctly low quality shall be classified as reject maize and shall be regarded as unfit for human consumption.

Undergrade Maize – Shelled maize which does not come within the requirements of grades K1 – K4 and is not reject shall be termed undergrade.

(B) Kenya NCPB FAQ Grading System

This system stipulates that maize can only be purchased if it complies with a single set of quality criteria. These are:

Moisture content	13.5% (maximum)
Foreign matter	1% maximum by weight
Broken grain	2% maximum by weight

	GRADE REQUIREMENTS (per cent by weight, maximum)			
	K1	**K2**	**K3**	**K4**
Foreign Matter	1	1	1	1
Broken Grains	2	3	4	6
Pest Damaged Grains	4	7	10	15
Other Coloured Grains	2	3	4	8
Total Defective Grains	10	13	20	30

Insect damage	3% maximum by weight
Other coloured grains	1% maximum by weight
Discoloured grains	2% maximum by weight

None of the parameters for defining these categories could be obtained. However, on the assumption that they are the same as those described for the Kenya standard then this single grade appears to approximate to somewhere between K1 and K2.

(C) Ugandan Bureau of Standards for Maize Exports

Pursuant to the directive Ref: TRD 137/225/01, issued by the Honourable Minister of Tourism Trade and Industry on 30th January, 2004, regarding the enforcement of standards for maize exports, Uganda National Bureau of Standards (UNBS) will with immediate effect commence with the implementation of the directive as follows:-

1. Every maize exporter shall ensure that his/her maize exports are duly inspected, tested and issued with a laboratory analysis certificate. Only certifies of analysis from the following recognised laboratories shall be accepted
   - Uganda National Bureau of Standards
   - SGS
   - Chemiphar

2. Uganda Railways Corporation (URC), shall ensure that loading of maize for export onto its wagons be done in the presence and after clearing from UNBS Inspection Officers.

3. UNBS inspectors at the Customs originating and exit points will be responsible for issuing of "**Certificates of Conformity**" while the maize is being loaded onto the wagons or trucks ready for export. The UNBS officers will only issue certificates of Conformity after ascertaining the following minimum requirements.
   - That the maize meets the following minimum requirements for : moisture content shall not exceed 14% and foreign / extraneous matter not more than 2%.
   - That the consignment of the maize has a valid laboratory certificate from any of the laboratories specified above.
   - That the maize is packed in standardised bags and labelled with country of origin, name of the exporter, batch number and weight to ensure traceability.
   - That the consignment of the maize has a valid Phytosanitary certificate from the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) and a Fumigation certificate from a firm registered by the Agricultural Chemicals Board.

4. URA Officers should only seal the exports and clear them for shipment after ascertaining that the shipment is accompanied with the following documentation.
   - Certificate of Conformity issued by UNBS
   - Laboratory Analysis Certificate issued by UNBS, SGS or Chemiphar
   - Phytosanitary Certificate issued by MAAIF
   - Fumigation Certificate
   - Certificate of origin from Uganda National Chamber of Commerce and Industry

5. Any assignment that does not meet the above requirements shall not be cleared for export until the exporter has complied with all the recommendations that will be issued to him by relevant authorities

All stakeholders in the export chain are requested to comply with the requirements indicated above which aim at uplifting the quality of Ugandan maize exports

Daily Price Sheet

from National Marketing Information Service

Market Information Service, International Institute of Tropical Agriculture

Tel: 256-41-223460, 077-221162, 077-221164; Fax: (256-41)-223459; Email: mis@imul.com

COMMODITY PRICES FOR KAMPALA DISTRICT FRIDAY 23RD JAN, 2004

		Owino			Kisenyi			Nakawa			Kalerwe		
CLASS/GROUP	CROP	Off lorry	Wholesale	Retail	Off Lorry	Wholesale	Retail	Off lorry	Wholesale	Retail	Off lorry	Wholesale	Retail
	Onions	450	500	700				500	550	800	480	550	700
CEREAL	Maize Flour	470	520	600	450	470	600	480	500	600	470	500	600
	Maize Grain	260	280	400	220	230	400	250	280	400	250	270	400
	Millet Flour	500	530	600	500	520	600	500	550	700	530	570	700
	Millet Grain	430	450	500	440	460	500	450	480	500	450	470	500
	Rice	750	800	900				750	800	1,000	750	800	1,000
	Sim Sim	1000	1200	1500	1100	1250	1500	1200	1350	1,500	1150	1300	1,500
	Sorghum Beer	250	300	400	230	260	400	270	300	400	270	300	400
	Sorghum Flour	500	530	600	500	520	600	500	550	700	500	550	600
	Sorghum Food	260	300	400	240	280	400	270	300	400	270	300	400
LEGUMES	Beans Large	450	480	600	430	460	600	460	500	600	470	500	600
	Beans Medium	450	500	600	450	480	600	460	500	600	460	500	600
	Beans Yellow	500	550	600	500	550	600	550	570	600	550	580	600
	Mixed bean												
	Beans small	400	450	600	400	430	600	430	500	500	450	500	600
	Cowpeas	600	630	800	560	620	800	600	650	800	600	650	800
	Groundnuts	900	1100	1400	1050	1150	1500	1100	1250	1,500	1150	1280	1,500
	Grams	700	750	900				700	800	900	700	800	900
	Soya	550	620	800	520	600	800	600	700	800	600	650	800
OTHERS	Cocoa												
	Ginger	600	650	700				650	700	800	600	650	700
	Sun Flower												
PLANTAIN	Banana/Matooke	115	155	200				125	160	200	118	160	200
ROOT/TUBERS	Cassava Chips				160	180	200						
	Cassava Flour	280	300	400	270	300	400	300	320	400	300	320	400
	Cassava Fresh	225	260	300				230	270	300	240	270	300
	Potato Irish	235	250	400				250	270	400	250	280	400
	Potato sweet	180	200	250				175	200	250	185	200	250

Weekly Price Data

sheet from Uganda National Market Information Service, Wholesale and Retail Prices

Retail Prices (in Shs. per Kg) for Selected Commodities for Week 2 (12th Jan-16th Jan, 2004) PL 480 Tittle II Program

	Kampala																				
	Kisenyi	Owino	Nakawa	Arua	Gulu	Iganga	Jinja	Kabale	Kasese	Lira	Luwero	Masaka	Masindi	Mbale	Mbarara	Rakai	Soroti	Tororo	Min	Mean	Max
Matoke		200	250	230	420	340	350	400	153	197	400	220	200	290	140	183	350	220	140	267	420
Fresh Cassava		300	300	130	118	260	270	300	90	160	250	200	150	150	150	162		180	90	198	300
Sweet Potatoes		250	250	130	118	250	320	250	130	143	220	215	200	200	250	165	93	220	93	200	320
Irish Potatoes		300	400	600	650	400	500	200	110	400	500	200	600	350	200	152	500	400	110	380	650
Beans	500	500	600	600	600	600	600	500	470	500	500	500	550	600	500	400	600	700	400	546	700
Beans Other	500	600	600	700	350	600	600	4,450	500	500	600	500	600	700	500	400	500	600	350	767	4,450
Cassava Chips	200			180	260	200	300	300	160	270			250	250	350		250	300	160	252	350
Cassava Flour	400	400	400	300	680	300	300	350	250	500	350	350	500	350	400	400	300	300	250	379	680
Groundnuts	1,500	1,500	1,500	1,000		1,300		1,300	1,600		1,350	1,500	1,000	1,400	1,200	1,200	1,400	1,500	1,000	1,336	1,600
Maize Grain	400	400	400	450	250	350	300	300	300	270	500	400	250	300	400		300	300	250	345	500
Maize Flour	600	600	600	600	700	500	500	400	600	800	700	700	600	500	600	400	500	500	400	578	800
Millet grain	500	500	500	600	400	500	500	600	580	450	550	550	500	500	600	500	500	600	400	524	600
Millet Flour	600	600	700	850	650	700	600	800	750		550	700	600	1,000	800	600	600	1,200	550	750	1,200
Rice		900	900	800	850	900	900	950	1,000		900	900	1,000	1,000	1,100	1,000	1,000	1,000	800	947	1,100
Simsim	1,500	1,500	1,500	1,000		1,500			1,000		900		1,200	1,300			1,400	1,400	900	1,285	1,500
Sorghum	400	400	400	450	220	350	400	350	500	250	400		350	300	600		250	350	220	373	600
Sorghum flour	600	600	700	500	450	400	400	450	750	400			600	400	750		300	350	300	510	750
Soya beans	800	800	800	600	350	500	500		600	500	500	600	600	700	700	500	700	600	350	609	800
Sunflower					240					310				360					240		360
Cattle steak		2,300	2,300	2,500		2,400		2,500	2,000		2,000	2,500	2,000	2,600	2,200	2,200	2,200	2,500	2,000	2,318	2,600
Chicken		6,500	7,000	7,500		5,500		4,500	5,000		4,000	4,000	4,000	6,000	4,000	4,000	4,000	4,000	4,000	5,135	7,500
Goat		3,000	3,000	2,700		2,700		3,000	2,700		2,600	3,000	2,500	2,800	2,500	2,500	2,500	3,000	2,500	2,735	3,000
Fish		3,000	3,500	3,000		2,500		2,500	2,700		2,500	3,000	2,500	2,800	3,000	2,000	4,500	3,400	2,000	3,026	4,500
Milk (one Litre)		500	500	500	600	500	500	300	500	600	500	500	600	600	400	500	500	500	300	506	600

Weekly Price Data Continued

Wholesale Prices (in Shs. per Kg) for Selected Commodities for Week 2 (12th Jan-16th Jan, 2004)

	Kampala Off lorry																				
	Kisenyi	Owino	Nakawa	Arua	Gulu	Iganga	Jinja	Kabale	Kasese	Lira	Luwero	Masaka	Masindi	Mbale	Mbarara	Rakai	Soroti	Tororo	Min	Mean	Max
Matoke		145	150	210	340	270	260	350	131	161	250	210	160	250	100	172	325	160	100	214	350
Fresh Cassava		260	250	110	105	160	180	250	75	120	200	185	135	135	100	146		100	75	157	260
Sweet Potatoes		170	170	110	110	150	240	200	95	120	180	205	150	160	180	153		150	95	159	240
Irish Potatoes		235	250	500	600	350	350	180	92	350	350	190	350	300	170	131	450	250	92	300	600
Beans	430	450	450	500	500	390	420	450	380	400	400	450	500	500	400	300	500	600	300	446	600
Beans Other	450	450	460	600	300	390	450	430	400	450	450	400	550	550	400	330	400	550	300	445	600
Cassava Chips	170			150	220	140	150	280	130	250			200	220	300	230	230	220	130	206	300
Cassava Flour	270	280	280	250	500	200	200	320	200	300	280	300	400	270	350	350	230	250	200	291	500
Groundnuts	1,050	1,050	1,150	900	800	1,150	1,000	1,200	1,300	1,200	1,300	1,300	950	1,300	1,100	1,000	1,200	1,300	800	1,125	1,300
Maize Grain	235	260	265	420	200	210	220	280	230	250	300	350	220	270	275	280	250	250	200	265	420
Maize Flour	470	480	500	550	600	430	420	350	450	600	400	600	500	440	500	350	450	450	350	474	600
Millet grain	400	400	420	550	350	380	350	550	500	420	480	500	450	450	500	400	450	500	350	447	550
Millet Flour	500	500	550	700	550	500	500	700	650	1,000	500	600		800	700	500		900	500	634	1,000
Rice		720	750	700	700	700	700	900	850	900	760	750	950	920	1,000	900	880	900	700	822	1,000
Simsim	1,150	1,150	1,200	900	850	1,200			800	1,200				1,200			1,100	1,300	800	1,095	1,300
Sorghum	250	260	270	450	200	230	250	300	450	220	350			270	400		220	280	200	293	450
Sorghum flour	500	500	500	500	420	350	400	400	650	350				350			250	300	250	421	650
Soya beans	630	600	700	500	300	400	400		480	450	400	500		600	450	400	650	500	300	498	700
Sunflower					220					300				320					220	280	320
Cattle steak		1,900	1,900	2,300	2,200	2,200	2,000	2,400	1,600	2,000	2,100	2,300	1,800	2,400	1,900	1,600	2,200	2,000	1,600	2,047	2,400
Chicken		5,000	5,000	6,000	5,600	3,500	3,500	4,400	3,800	5,000	3,500	3,500		5,000	3,500	3,000	3,500	3,500	3,000	4,206	6,000
Goat		2,700	2,700	2,600	2,200	2,500	2,500	2,900	2,000	2,200	2,400	2,700	2,200	2,600	2,000	1,800	2,400	2,500	1,800	2,406	2,900
Fish		2,400	2,500	2,500	2,850	2,000	2,700	2,400	1,800	3,000	2,200	2,850		2,600	2,800	1,700	4,000	3,200	1,700	2,594	4,000
Milk (one Litre)		400	400	400	500	400	400	250	400	500	320	300	375	500	300	400	400	300	250	385	500

Appendix 5

Example of Weekly Radio Script

Radio Script No 02, 16th January 2004
The NEW Market Information Service,
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Highlights

- Maize harvesting in Busoga region.
- Cooking banana and Irish potato prices lower in Kampala
- Groundnuts harvesting in Mbarara
- District Briefs

Maize harvesting in Busoga region. Second season harvests of maize grain are ongoing in Busoga region. In Jinja and Iganga the second season output is expected to be high owing to the favourable weather conditions in the past months. The expected high supply is likely to depress prices. Currently, there is low demand for maize grain, which is wholesaling at Ush.220/kg in Jinja and at Ush.210/kg in Iganga.

In Kampala, traders from Tanzania Lake region continue to buy but lower quantities of maize grain in Kisenyi market at Ush.235/kg off-lorry. However, for good quality dry maize, the traders offer Ush.270/kg.

In other districts, maize prices remain stable. Maize is wholesaling at Ush.220/kg in Masindi, Ush.230/kg in Kasese and Ush.200/kg in Gulu. However, in western Uganda wholesale prices for maize are high at Ush.280/kg in Rakai and Kabale, Ush.275/kg in Mbarara and Ush.350/kg.

Cooking banana prices lower
Retail prices for cooking bananas (matooke) have considerably reduced following the end of the Christmas festive season. In Kampala, barely two weeks ago, a bunch of cooking bananas that retailed at Ush.8,000 now goes for Ush.5,000 and smaller bunches are retailing at Ush.2,500. Low demand for bananas coupled with improved supply from Mbarara and Bushenyi districts are the main reason for lower prices.

In Mbarara, the retail price for matooke too, has dropped. A big bunch of 20-25kg retails at Ush.3,000. Prices for bananas are also comparably low in Rakai and Kasese districts. However retail prices for bananas remain high in Kabale and Luwero at an average of Ush.8,000 for a 20kg bunch.

Groundnuts harvesting on.
Groundnut prices have fallen in Gulu, Arua, Masindi and Mbarara due to increased supply from new harvests. In Gulu, groundnuts are wholesaling at Ush.800/kg, Arua they are at Ush.900/kg, Masindi they are at Ush.950/kg and in Mbarara they are at Ush.1,100/kg. The supply of groundnuts is also high in Kampala, the off-lorry price is Ush.1,050/kg.

In other districts where no harvests are taking place such as Luwero, Tororo and Mbale, wholesale prices are averaging Ush.1,300/kg.

District Briefs

Masindi: The supply of beans is very low in Masindi, wholesaling at Ush.500/kg for Nambale beans and Ush.550/kg. Meanwhile, the coffee buying season that has started in Masindi has attracted many buyers especially from Luwero.

Lira:

Lira is now enjoying cabbages from Mbale which are wholesaling at Ush.18,000 per sack. On the other hand simsim and soya beans are currently going to Busia in large quantities, while maize grain is take to Kampala by Lira traders.

****Please read prices relevant to your area from the prices spreadsheet.**

The FOODNET Market Information Service brings this information to you:

Script compiled by Okoboi Geofrey.

Appendix 6

Tables of Best Practice for Collective Action Groups

Based on: Wandschneider T. and Greenhalgh P (2003) Sustainable NGO/CBO agricultural marketing initiatives; Natural Resources Institute, Chatham; Project Evaluation Report for DFID Crop Post-Harvest Programme (CPHP) research project R7941.

Intervention area	Good practice guidelines	Rationale	Strategy/activities	Qualifying remarks
1. Support to farmer group formation and development for marketing and processing	1.1 External organisations should encourage small group membership.	1.1 Small groups (say 10 to 35 members) are likely to be more sustainable than their larger counterparts. Small numbers facilitate face-to-face interaction between members, limit co-ordination and management costs, reduce the scope for conflict, and facilitate dispute resolution.	1.1 Play an awareness raising and advisory role. Organise exposure visits.	1.1 Small membership limits the scope for taking advantage of economies of scale in marketing and processing, and reduces the bargaining position vis-à-vis buyers. The stronger the management and organisational capacity of the group the greater the extent to which larger numbers become manageable. Ultimately, group composition should be left to the discretion of members.
	1.2 Leadership building should be an important component of support to farmer groups.	1.2 Good leadership is critical to group success. Good leaders command respect within the community and their group and promote transparent management. They tend to be entrepreneurial. Good leadership is especially important during adverse times, when the incentives to remain in the group are lower.	1.2 Help group members understand the roles and responsibilities of elected leaders. Facilitate vision setting. Assist members to develop participatory and transparent election rules. Train leaders.	1.2 There are limits to which an external agency can influence the quality of leadership.

Intervention area	Good practice guidelines	Rationale	Strategy/activities	Qualifying remarks
	1.3 Participatory and transparent management should be encouraged.	1.3 Participatory and transparent management contribute to group success. Member participation in selection of leaders and management decisions is instrumental to accountability, trust building and conflict minimisation.	1.3 Facilitate vision setting and the development of transparent rules and clear functions. Train members in record keeping. Organise exchange visits.	
	1.4 Support organisations should develop literacy and numeracy skills in groups in which a large proportion of members are illiterate.	1.4 Literacy and numeracy are important determinants of participation and transparency, enabling members to check minutes and records and better understand business practices.	1.4 Impart training.	1.4 Improving literacy and numeracy among group members is time-consuming and requires considerable resources.
	1.5 Strengthening management, organisational and business skills should be central to interventions aimed to develop marketing groups.	1.5 The greater the group management, organisational and business development capacity the more ambitious and (potentially) remunerative the strategies and activities the group is able to develop.	1.5 Support groups to develop a simple functional structure and understand rights and responsibilities of members. Train members in record keeping, accountancy, market intelligence activities, etc.	

Intervention area	Good practice guidelines	Rationale	Strategy/activities	Qualifying remarks
	1.6 Homogeneous membership should be encouraged.	1.6 Homogeneous groups (women groups, kinship or caste-based groups, member proximity due to neighbourhood, members producing and marketing the same crops, etc) tend to show greater cohesiveness. Homogeneous membership is conducive to shared group vision and objectives, trust building and conflict minimisation.	1.6 Provide advice.	1.6 Ultimately, group composition should be left to the discretion of members.
	1.7 External organisations should advise members to concentrate on few, simple and mutually beneficial activities, at least during the first few years of group existence.	1.7 Groups with few and simple activities tend to over-perform multi-purpose groups. Group objectives and activities should be in accordance with group capacity. The latter is generally poor in developing countries.	1.7 Offer advice.	1.7 As group capacity increases, members may be able to engage in more complex activities.
	1.8 Care should be taken before encouraging groups to acquire assets such as processing and transport	1.8 Joint asset ownership places a management and co-ordination burden that many groups find difficult to cope	1.8 Provide advice.	1.8 Joint processing and storage activities can be remunerative and successfully developed by cohesive and

Intervention area	Good practice guidelines	Rationale	Strategy/activities	Qualifying remarks
	equipment and common storage infrastructure.	with. It may also give rise to intra-group conflicts.		well managed groups. Storage is especially important to the activities of marketing groups. Joint ownership of certain assets may therefore be justified. The same cannot be said of expensive transport equipment, whose ownership is rarely cost-effective.
	1.9 Emphasise joint input and output marketing activities (and sometimes processing activities) but members should manage production on an individual basis.	1.9 The benefits of collective production are doubtful since no obvious economies of scale arise from such activity. At the same time, collective production increases management and co-ordination costs and may give rise to intra-group conflicts.		1.9 Joint production in a small, commonly owned plot may contribute to raise unity and group spirit. However, the bulk of members' production should be carried out in individual household plots.
	1.10 Groups should be encouraged to mobilise internal resources.	1.10 Members' financial contribution is important, being an indication of commitment towards the group and enabling more active intervention in markets, for example by enabling value addition or transport to distant markets.	1.10 Provide advice.	1.10 Significant financial contribution requirements are likely to exclude poor farmers from participation.

Intervention area	Good practice guidelines	Rationale	Strategy/activities	Qualifying remarks
	1.11 Care should be taken before deciding whether to assist group formalisation (registration).	1.11 The impact of formalisation on group performance is unclear. It may improve access to public and private services as well as state resources. It may also enable the group to engage in contractual relations with buyers. At the same time, it may give rise to increased state interference in group activities, which can significantly compromise performance.		1.11 A decision on whether to promote formalisation should depend on the type of group. Formalisation is likely to be more beneficial to larger and more commercially oriented groups.
	1.12 Promotion of business linkages between marketing groups and input suppliers/crop buyers should be emphasised from an early stage.	1.12 The performance of groups in input and output marketing critically determines the benefits accruing to members and therefore their willingness to remain in the group and invest time and resources in joint activities. Agribusiness firms with strong business relationships with groups can help overcome management and	1.12 Play an honest broker role between groups and commercial operators (more on this below).	1.12 Development of market linkages is a challenging task in countries where the agribusiness sector is weak. The challenges are greater in the case of remote areas and low-value food crops. In the specific case of contract farming, it should be noted that the groups involved in such arrangements may be less

Intervention area	Good practice guidelines	Rationale	Strategy/activities	Qualifying remarks
		entrepreneurial skill shortages by providing access to inputs (sometimes on credit), markets and technical assistance.		able to respond to emerging market opportunities elsewhere in the economy and their performance is largely dependent on the business success of the private partner.
	1.13 Training should be provided to enable groups to assess the advantages and disadvantages of different production cum marketing options.	1.13 Successful marketing is crucial to good group performance and sustainability.	1.13 Train members in market prospecting activities, assessment of cost and revenue implications of production and marketing choices, and analysis of marketing risks.	
	1.14 Group members should be assisted to satisfy market/buyer produce requirements.	1.14 Meeting market/buyer needs is crucial if groups are to succeed in marketing.	1.14 Market and buyer surveys to understand needs (volumes, delivery periods, quality, etc). Communicate these needs to producers. Provide advice on crop and variety choices. Deliver training on production and post-harvest management practices.	1.14 Target markets and buyers should be chosen by farmers in consultation with external support agencies, taking into account potential benefits, costs and risks, as well as group resources and capacity.

Intervention area	Good practice guidelines	Rationale	Strategy/activities	Qualifying remarks
	1.15 Linkages to service providers in areas such as extension and credit should be promoted wherever relevant and feasible.	1.15 Access to financial, technical and other services is crucial to farmers. Links to service providers reduces intervention costs and contributes to sustainability.	1.15 Supply information on existing service providers, range of services offered, and conditions to access these services. Liaise with service providers to encourage them to work with supported farmer groups.	
	1.16 External support agencies should avoid subsidising asset acquisition, input purchases and crop sales.	1.16 Subsidisation increases intervention costs and reduces outreach; may undermine group sustainability once support is withdrawn; and distorts incentives for participation. Farmers should co-operate in marketing when such strategy enables them to overcome common problems. Expectations that group ventures will enable access to grants and subsidies from external agencies should never be the main motivation behind participation in groups.		1.16 Provision of subsidies in the mentioned areas may be justified in certain circumstances; for example, when groups are expected to bear significant risks arising from the innovative or demonstrative nature of a particular activity or technology. However, such subsidies should be time-bound and used selectively and strategically.

Intervention area	Good practice guidelines	Rationale	Strategy/activities	Qualifying remarks
	1.17 Effective support to formation and development of marketing groups requires a holistic approach.	1.17 Facilitation of appropriate internal group dynamics, development of management and business capacity, promotion of market-oriented production and post-harvest practices, and strengthening of market links are all important to group performance and sustainability.	1.17 Recruit staff with relevant skills; build staff capacity through training; contract out service provision requiring specialised expertise not available internally; form complementary partnerships with other agencies; develop links between project clients and providers of different services; etc.	1.17 NGOs rarely have all the required expertise to provide effective support in all critical areas.
	1.18 Considerable human and financial resources and time should be devoted to the task of building successful marketing groups.	1.18 Promotion of sustainable marketing groups is a skill and resource intensive task requiring a flexible, coach-like approach. It involves service provision in areas such as capacity building, technical assistance and advice, facilitation, and market intelligence.	1.18 Allocate sufficient financial resources to the intervention; plan interventions over an appropriate timeframe; sequence activities and support; develop clear entry and exit strategies; recruit staff with relevant skills; build staff capacity through training; contract out certain services; develop partnerships; link project clients to service providers.	

Intervention area	Good practice guidelines	Rationale	Strategy/activities	Qualifying remarks
	1.19 Farmer fora should be promoted but only when constituting primary groups have achieved a reasonable stage of development. (Most of the above principles are also relevant to the development of farmer fora and higher-tier organisations).	1.19 Farmer fora can potentially enhance economies of scale in marketing and processing; lead to improved access to services; and increase the lobbying capacity of group members. However, the capacity requirements of these organisations widely exceed those of member groups and should not be underestimated.		
	1.20 Farmer fora should represent a relatively restricted number of neighbouring groups (say between 5 and 10).	1.20 Regular inter-group communication is critical to good functioning farmer fora.		
2. Provision of market information services	2.1 The type and frequency of marketing information collected and disseminated depends on the target client.	2.1 Different users (farmers, traders, processors, projects, government institutions, etc) have different information needs. For example, while buyers need to know selling prices in different markets,	2.1 Assess the information needs of target clients before developing the service.	

Intervention area	Good practice guidelines	Rationale	Strategy/activities	Qualifying remarks
		farmers need information on buying prices in these same markets.		
	2.2 Considerable resources are needed to collect, process, and disseminate relevant information regularly and accurately.	2.2 The impact of marketing information services depends not only on the relevance and quality of data, but also on its speedy processing and dissemination through wide-reaching channels. The way the data is presented is crucial.	2.2 Develop a good network of field data collectors; use new technologies to gather and process field information; staff data processing and dissemination units adequately; etc.	
	2.3 While the type of dissemination channels should depend on the target clientele, the use of multiple channels increases outreach	2.3 Local radio can be an efficient vehicle for targeting large number of farmers, especially when local languages are used. Extension agents can be particularly effective but are an expensive option and outreach potential may be relatively limited. Written media may be less effective since many farmers are illiterate and newspaper circulation in many rural areas is poor. Written media	2.3 Develop various and complementary information products. Develop partnerships with organisations working with farmers to disseminate marketing information.	

Intervention area	Good practice guidelines	Rationale	Strategy/activities	Qualifying remarks
		can be more effective in the case of traders and processors. Mobile text messaging is a non-traditional, but potentially very efficient and effective way of disseminating information to traders and processors. Likewise, through e-mail information can be passed on to selected users (traders, processors, institutions) cheaply and quickly.		
	2.4 Current data (e.g. prices) are critical to information users but so is historical information.	2.4 For example, spot price data can help producers decide where to sell and negotiate with buyers. Seasonal price data can help farmers decide whether to store and sell later, and whether to plant early or late maturing varieties. Historical price data can help them decide the mix of crops grown based on price trends.	2.4 Analyse time series data to produce easy to understand information on seasonal and historical price trends.	

Intervention area	Good practice guidelines	Rationale	Strategy/activities	Qualifying remarks
	2.5 An indication of future price trends for specific crops should be provided.	2.5 Information on future price trends can assist farmers to make informed planting decisions. It can also help government and non-government organisations anticipate potential food insecurity crises.	2.5 Provide indications of future price trends based on informed analysis. Sources of information include weather forecasts, official production projections, expected deficit and surplus in neighbouring countries, and available international price projections.	
	2.6 Targeting traders and processors as recipients of marketing information can benefit farmers indirectly and should therefore be considered as an option.	2.6 Improving the availability of marketing information to traders and processors can benefit producers and consumers by increasing spatial arbitrage (moving produce from low-price to high price areas) and temporal arbitrage (storing during low-price periods and selling during high-price periods).	2.6 Provide marketing information services to farmers as well as crop buyers.	
	2.7 While crop price data is critically important, other relevant information also deserve attention.	2.7 For example, informed planting and marketing decisions by farmers require information other than crop	2.7 Provide a wide range of marketing information.	

Intervention area	Good practice guidelines	Rationale	Strategy/activities	Qualifying remarks
		prices. This includes information on input prices; type and location of input suppliers; market requirements with respect to quality and other produce attributes; type and location of buyers; marketing arrangements; road conditions; and availability and cost of transport.		
	2.8 Develop partnerships with organisations working with farmers and educational programmes to enhance outreach and impact.	2.8 Farmers often lack the capacity to understand marketing information. Even when they understand it, they often have limited capacity to use this information to change production and marketing strategies. Reasons for this include unavailability of family labour, poor access to finance and inputs, inability to cope with risk, limited bargaining power, and small surplus for sale.	2.8 Develop partnerships with relevant organisations and agencies to help farmers understand marketing information and to address some of the constraints they face in using the information. Train partners so that they can play an effective role. Develop educational radio programmes.	

Intervention area	Good practice guidelines	Rationale	Strategy/activities	Qualifying remarks
	2.9 Develop special efforts to target marketing groups so as to improve impact.	2.9 Marketing groups can generally make better use of marketing information than individual farmers as a result of better access to inputs, economies of scale in transport, greater scope to negotiate with buyers, etc.	2.9 Train and use development organisations working with farmer groups. Train farmer groups to assess the advantages and disadvantages of different production cum marketing options.	
	2.10 Market information service providers are well positioned to play a role in market intelligence service delivery and should venture into this area.	2.10 These organisations are knowledgeable about production systems, domestic and external markets, development organisations, and market players. They should use this knowledge to alert others about market opportunities and market linkage possibilities.	2.10 Provide relevant information to and develop partnerships with commercial operators, NGOs and government agencies. These actors can play a role in linking different players in product chains.	
	2.11Organisations managing market information systems should develop cost-recovery measures early on during the intervention.	2.11 Cost-recovery reduces the financial burden on government and external donor agencies and increases the likelihood that they will continue funding the system. Indeed, own revenue generation is an indicator of	2.11Look for sponsors; negotiate publication of marketing information in newspapers free of charge; charge commercial and institutional clients for information provided through e-mail and other targeted	

Intervention area	Good practice guidelines	Rationale	Strategy/activities	Qualifying remarks
		existing demand for the service.	media; negotiate with mobile phone operators revenue sharing formulas for information delivered through text messaging; charge for advertisements in radio slots and programmes where marketing information is made available; negotiate reduced fees for radio slots; etc.	
	2.12 Avoid developing market information systems based on the assumption that after some time (say five or ten years) the service will be able to continue running without government and/or donor funding.	2.12 Full cost-recovery is unlikely and developing the system based on this premise will eventually lead to deteriorating quality (and impact) due to acute resource constraints. Marketing information is a pure public good, especially when disseminated through channels such as radio. Charging smallholder farmers for this information is neither realistic nor desirable.	2.12 Plan future costs and revenues realistically and negotiate external funding accordingly.	

Intervention area	Good practice guidelines	Rationale	Strategy/activities	Qualifying remarks
	2.13 Market information systems should be managed by an independent and well-resourced technical team, even when the service is hosted within a government department or ministry.	2.13 Past experience of government-run market information systems is very poor.		

This manual is an output of the research project “Decentralised Market Information Services in Lira District, Uganda” which has been funded by the DFID Crop Post-Harvest Programme. It is designed to assist the staff of service-providers (SPs) to advise farmer groups on how best to work together to increase the value of the goods they sell using group marketing strategies.

Although the manual has been prepared as part of a research project in Uganda, it is applicable to most parts of sub-Saharan Africa. In addition to an outline of the benefits of collective marketing and the types of strategies that could be used by different types of farming communities, it offers a step-by step-guide on how to achieve these aims. In particular, it deals with group dynamics, gender, management and transparency, and offers advice on practical topics ranging from produce quality to market information systems.

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