

Empowering Communities through Market led Development: Community Agro-enterprise Experiences from Uganda and Malawi

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Abstract

The livelihoods of African smallholder farmers are often constrained by poor access to markets and limited entrepreneurial skills for adding value to produce. Rapid Urbanization is however opening up domestic and regional markets and offering new market opportunities for smallholder farmers to supply higher value produce. Supplying these markets offers both higher income and improved business relations for farmers but accessing these markets also requires significant upgrading in terms of product quality, quantities and business management. Research and development organizations have now recognized that improving market access and enhancing the ability of resource-poor farmers to diversify their links with markets are among the most pressing challenges in smallholder agriculture. The present article highlights the key steps and procedures in building capacity among farmers, farmers' groups, and communities, to identify and evaluate market opportunities, develop profitable agroenterprise, and intensify production, while sustaining the resources upon which livelihoods depend. The article uses two case studies, in Malawi and Uganda and to describe the approach and synthesizes the main lessons from these case studies. While the approach has been very successful in linking smallholder farmers to domestic markets, the paper argues that these efforts need to be complemented with efforts to develop market institutions that will enable farmers to be competitive and to enter regional and international markets. The paper also analyses the role of strengthening farmer capacity to understand markets, inclusion of gender and equity in such approaches and the role of farmer organizations in ensuring effective smallholder farmer-market linkages.

Background and introduction

Over the years, agricultural research and development organizations have made significant progress on increasing agricultural productivity and promoting sustainable intensification of major food crops and livestock for small-scale farmers. Growing evidence and experience indicates that sustaining success in productivity-based agricultural growth critically depends on expansion of market opportunities (Diao and Hezel 2004; Gabre-Madhin and Haggblade, 2004; Haggblade, 2004) and requires thinking beyond productivity to incorporate profitability and competitiveness (Kaplinsky, 2000). It is now increasingly evident that smallholder farmers key concern is not only agricultural productivity and household food consumption, but also increasingly better market access. Virtually all the African farmers depend on trading for some household needs, and hence seek income generating activities. Enhancing the ability of smallholder, resource-poor farmers to access market opportunities, and diversify their links with markets is one of the most pressing development challenges facing both governments and nongovernmental organizations (IFAD, 2001; IFPRI, 2002; Kindness and Gordon, 2002). Agricultural markets can therefore play significant roles in reducing poverty in poor economies, especially in countries which have not already achieved significant agricultural growth. Dorward and Kydd (2005) highlight three broad mechanisms through which agricultural growth can drive poverty reduction: (1) through the direct impacts of increased agricultural productivity and incomes; (2) through the benefits of cheaper food for both the

urban and rural poor; (3) through agriculture's contribution to growth and the generation of economic opportunity in the non-farm sector.

Agricultural research and development organizations are now increasingly under pressure to shift from enhancing productivity of food crops to improving profitability and competitiveness of small-scale farming, and linking smallholder farmers to more profitable markets. Similarly, national governments in Uganda and Malawi are increasingly putting emphasis on transforming subsistence agriculture to make farming a business, and to an entrepreneur culture in rural communities, where farmers produce for markets rather than trying to market what they produce, to better understand how communities in diverse situations can best achieve their income and other livelihood aspirations through better links with markets. What is not obvious however is how to make small-scale farming more market orientated, and how to make markets work for the poor.

Experience has shown that markets can fail the poor, especially poorest and marginalized groups, including women. In his review on how to make market systems work better for the poor, Johnson (2005) argues that in remote rural areas markets may fail because they maybe too 'thin', or the risks and costs of participating especially for poor people may be too high, and or there maybe social or economic barriers to participation.

Many of the recent initiatives to link smallholder farmers to markets have largely focused on export markets as these are seen as important sources of economic growth (Jones et al., 2002; Hellin and Higman, 2002; GoU, 2003). However, many of these approaches tend to be top down and lack an effective process of community learning and empowerment. The decisions on what products and enterprises to develop, what markets to target are often prescribed by government agencies, private companies or development organizations. These organizations then conduct a commodity market chain analysis and organize production to meet identified market demand, often external export market. In Uganda, the government Plan for Modernization of Agriculture (PMA) emphasizes strategic interventions on traditional (coffee, tea) and non-traditional (potatoes, bananas, fish) cash crops targeting external international export markets (GoU, 2000). Similarly, in Malawi, the government has introduced the One Village One Product (OVOP) concept for external export markets.

These approaches have produced mixed results. While many studies have documented impressive results of linking farmers to export markets, It has been argued that smallholder farmers have rarely benefited from these initiatives, as niche markets tend to be highly competitive and specialized, with rigorous quality standards which can be challenging to many small scale farmers (Diao and Hezel, 2004). There are real risks that such market opportunities may be seized by a few large-scale commercial farmers to the expense of small-scale farmers. On the other hand, domestic markets still represent a large and growing market that ought to offer real opportunities to small-scale farmers. Domestic demands for a diverse range of food and livestock products will continue to grow rapidly in Africa, offering small holder farmers' new opportunities for diversification into high value products for domestic and regional markets.

This paper describes a an approach to community agro-enterprise development that aims at building the capacity of smallholder farmers to understand, analyse and effectively link to markets and to develop competitive agro-enterprises. The paper uses two case studies from Malawi and Uganda and analyzes lessons of what is required to effectively sustain a system that effectively and competitively links farmers to markets.

The rural agroenterprise development approach

This approach focuses on building skills and knowledge of communities, local service providers, and farmers' organizations to engage effectively in markets. The approach emphasizes a market orientation that enables smallholder farmers to successfully link themselves to potential markets, producing what they can sell rather than trying to sell what they have produced. This approach builds on CIAT's approach to Rural agro-enterprise development as described by Best (2002), Ostertag (1999), Lundy et al. (2003).

Figure 1. Key steps in the rural agroenterprise approach



Step 1: Building strategic partnerships and selecting pilot sites

The first step in the approach is selecting, building and sustaining effective partnerships with a number of key stakeholders. These include agricultural research organizations, extension services and government departments, NGOs, the private sector, and business support services. Using a number of criteria, partners identify pilot sites and jointly select pilot communities for. A key consideration in selecting partners is institutional commitment to learning and scaling out to other communities and development partners in the region.

Step 2: Participatory diagnosis (PD) and community visioning

These are highly interactive dialogues with farmers and communities to facilitate collective analysis and understanding of community assets and opportunities, and to create a collective vision of desired future conditions. Visioning helps farmers and communities to realize and understand the potential for change, and the forces that can facilitate or constrain change. The process also helps farmers to identify and evaluate a preliminary list of enterprise options for community income generation.

Step 3: Formation of participatory market research (PMR) groups

Rather than working with individual farmers or entrepreneurs, PMR aims to strengthen existing groups and facilitate the formation of new groups, consisting of men and women who represent their communities. PMR groups are trained by market facilitators in PMR procedures for collecting and analyzing market information, and evaluating and selecting enterprise options, as well as in group dynamics.

Step 4: Market and enterprise visits

It is important to organize visits to major markets, supermarkets, hotels and restaurants, wholesale and retail markets, and food and agro-processing companies in nearby towns and cities including capital cities to broaden farmers' minds. These visits help to collect information on crop varieties and products, their quality characteristics, preferred presentation (size, weight, etc), packaging, price, frequency and volume of delivery, terms of payment, etc, in order to assess demand for products in short supply and identify high demand for which the group can start producing. These visits are also important to identify potential buyers and establish contacts with them.

Step 5: Evaluation of enterprise options

The market visits identify a portfolio of options with good market demand. These options need to be evaluated to match market demand with the biophysical and socioeconomic potential of the community to produce or supply the identified markets. Evaluation of enterprise options is based on a range of criteria such as the existence of reliable market demand, relative ease of production, profitability of the selected option, the benefits each option could bring to different groups in the community, and interest in testing new crops and new products. The process utilizes the Ansoff matrix to categorize risk options, by comparing types of products and markets. Market opportunity analyses of products based on demand and profitability will tend to bias results towards higher risk options and enterprise groups need to be aware of the risks, costs and benefits from higher profit options. For groups with more experience in marketing, higher risk strategies are likely to be more attractive.

Table 1. The Ansoff matrix for risk assessment

	Existing products	New products
Existing markets	1. Market penetration (lowest risk)	3. Product development
New markets	2. Market development	4. Diversification (Highest risk)

Step 6: Farmer experimentation and participatory technology development

To be competitive, farmers need new knowledge, information, innovation and skills that allow them to sustain more intensive, market-oriented production and overcome production constraints. Experimentation provides farmers with opportunities to try out a range of options to eliminate constraints in production, adapt them to their situations and circumstances, and build local capacity to find solutions to production problems. Farmer experimentation follows the principles of participatory technology development (PTD), the key to increasing competitiveness and sustainability and reducing risk in new enterprises.

Step 7: Design and implementation of agroenterprise projects

The experimentation stage leads to selection of appropriate options for managing enterprises. This involves planning for production, post harvest management, marketing and other services for the enterprise

Step 8: Facilitating support services for enterprise development

Making small-scale farming more profitable requires the development of business support services and market institutions such as microfinance, market information, credit, business skills training, processing and packaging, pricing, etc. This is needed to foster an entrepreneurial culture in rural communities, and make markets work for the poor. These things require sustained interventions by a variety of stakeholders, including the private sector.

Step 9: Strengthening local institutions and promoting gender equity

There is a risk that market-oriented production may result in the capture of benefits by the rich to the detriment of the poor, or create a privileged group of farmers with access to new markets. There are also concerns that commercializing small scale agriculture may widen gender inequalities and have negative effects on household food security and nutrition. A proactive gender and equity strategy should encourage and sustain active participation, and cooperation of both men and women in different wealth categories.

Research themes

Within the rural agroenterprise work, there is a focus on 4 main research themes.

1. Analysis of approaches for linking farmers to markets and their capacity for the inclusion and potential benefit to the rural poor especially women-Under this theme, we are comparing the rural agro-enterprise approach developed by CIAT with other approaches for linking farmers to markets that are being implemented in the region by NGOs and other research and development organizations. This is being done through the implementation of the approach in pilot sites in selected countries and comparing these with other approaches in those countries. The other emphasis is on looking at the rural agroenterprise approach and analyzing the implications for gender and intra-household dynamics with increasing linkages to markets especially for crops and enterprises traditionally controlled by women.
2. Role of effective farmer market linkages in promoting investments in new technologies and natural resource management-This research is looking at the conditions under which rural agro-enterprises and linkages to markets lead to farmer investments in new technologies and investments in natural resource management. It looks at the role of farmer participatory research in facilitating and promoting such investments.
3. Approaches for improving community learning, accountability, relevance and impacts of agricultural innovation systems, focusing on farmers' organizations and R&D service providers-This is an action research process aimed at analyzing the role of participatory monitoring and evaluation in increasing community empowerment, strengthening group organization, and improving information flows within the organizations and between farmer organizations and research and development service providers.
4. Mechanisms for strengthening smallholder farmer organizations to undertake collective action (in technology development, marketing, NRM, local policy) that benefits rural women and other marginalized groups-This focuses on levels and dimensions of social capital that are critical for pro-poor market linkages, farmer experimentation, social inclusion, and investment in natural resource management, looks at the level of farmer group development or organization needed to successfully achieve market linkages leading to producing successfully for markets and farmer organizational models that are appropriate for different kinds of interventions such as market linkages, technology development and dissemination among others.

Case studies

Nyamyumba united farmers, kabale, Uganda

The Nyabyumba Group is located in Kamuganguzi sub-county of Kabale District. Kabale District lies in South Western Uganda, where over 90% of the population is engaged in agriculture. Farmers work on average plots of 0.5 hectares and the district receives an average rainfall of 1000 mm yr⁻¹. The farmer group was formed in 1998 as a Farmer Field School (FFS) with the aim of producing seed potato to improve overall production quality. Group dynamic support was provided by Africare, an international NGO which had previously provided the farmers with other seed materials including beans and hybrid maize seed. In 1999 the group became a member of the Uganda National Seed Potato Producers Association (UNSPPA), with 20 members and for 3-4 years the association successfully produced seed potato. Most sales were made to NGO's in the area who supplied farmers at no cost. Increased seed potato sales, led to the formation of an association of 6 groups with 120 member, 60 % of who were women. However, by 2004, demand for seed potato had all but ceased as farmers in the area were unable to sell the increased volumes of ware potatoes. This provided an opportunity for CIAT to work with the Nyabyumba Group and their other service providers from PRAPACE , Africare2 and NARO3 to test an area based participatory marketing approach. Since some of the steps such as participatory diagnosis and resource mapping had already been done, the group started with a participatory market chain study that was implemented by the farmers with support from their service provider Africare whose staff had previously received agro-enterprise training from CIAT during the partnership formation process. Using the Ansoff matrix, the farmers selected to concentrate on potatoes and identify new markets and possibly new products from potatoes.

The initial step consisted of the farmers mapping the chain of actors and identification of service providers in the existing system for producing and marketing potatoes. A participatory market research involving farmers was carried out to identify market opportunities. The study systematically identified the various marketing channels for ware potatoes from the production site in Kabale through a series of traders and market outlets. Farmers identified a number of markets including formal wholesale markets, retail markets and more formal markets such as the supermarkets, hotels, restaurants and fast food chains. The analysis collated information on basic buying conditions including price, frequency of purchase, quality of produce required, payment conditions and interest in receiving a regular supply from a farmers group. Based on the market analysis, the Nyabyumba Farmers' decided that linkage to Nandos, a multinational fast food restaurant in Kampala was the most attractive option. Nandos consumes approximately 5-10 t of fresh potato every month and this level of purchase fell within the upper limits of possible supply by the farmers' group.

Following the preliminary analysis, a business meeting was held in Kampala, between all players and Nandos to negotiate a business deal. Major issues of negotiation were the volume and frequency of supply, quality, price, and terms of payment terms. Nandos advised the farmers that if they produced quality potatoes at a competitive price, Nandos would buy more potatoes. They noted that Ugandan potatoes were some of the most expensive in the region where they have outlets. Based on these discussions the Nyabyumba Farmers' Group with their service providers carried out a basic profitability analysis which showed that the farmers could be profitable if they sold to Nandos throughout the year. Terms were agreed by all parties and the farmers moved to detailed enterprise planning. During the enterprise planning, the farmers recognized that they would require to change their production system and a participatory technology evaluation process was initiated to test different technologies for potato production with the aim of achieving the market quality requirements. Some of the specific issues of experimentation were new varieties, potato size and and moisture content. The farmers also required key services including transportation, access to finance, direct communications in order to support their market linkage. The farmers also were highly dependent upon support from both their local research centre, which specialized in potato support and particularly with their development partner, which could provide basic marketing and management support and advice.

When the farmers started supplying Nandos, the initial consignments received a high rejection rate, due to size and moisture content problems, which significantly reduced income. From July 2003 to April 2006 the average rejection has been less than 10%, and rates of rejection have fallen with time due to the experimentation process. As a result of this approach farmers sold 287,425 kg of potatoes to Nandos, with a value of US\$ 92,550,850 Shillings (50,000 US Dollars). As a result of the empowering process, the service providers are now withdrawing or moving on to other groups and associations as the farmers are now able to engage with the markets. Like any other businesses the need for credit is important to enable farmer raise a given level of capital. There are particular challenges in savings and credit service provision in poor rural areas, and in particular in providing credit for seasonal purchases of crop inputs. Farmers' option has been to start an internal savings and loan mechanism that allows members to save a certain amount of their income which members can then borrow and invest in the business and for other needs such as education and health.

Katundulu Village, Ukwe Planning Area, Malawi

Ukwe is one of the Extension Planning Areas under Lilongwe West RDP in Lilongwe Agricultural Development Division. It is situated 35 km to the North West of Lilongwe City. Farmers have an average land holding size of 1.76 hectares. The area receives rainfalls of about 800mm to 1200mm per season and has temperatures ranging from 6 to 40 degrees celcius. The area has a population of 85920 people and 17184 households in which 12749 are male-headed households and 4435 are female-headed households. The place can be classified to be at moderate poverty level as compared to other areas in Malawi because farmers in the area are engaged in tobacco production as their cash crop and therefore have relatively higher incomes. The main source of livelihood is crop and livestock production, firewood and charcoal sales and casual labour. The club comprises of households in Katundulu which has a total of 34 households, 8 female headed households and 26 male headed households. The main crops grown include maize, groundnuts, beans, soy beans,

tobacco and cassava. Common livestock are mainly goats and chicken. Apart from tobacco, other crops are mainly grown for subsistence and surplus sold in local markets or to local businessmen or vendors that come to the village. There are active organizations in the village including the Ministry of Agriculture and Irrigation, Ministry of Health and Population, CARE, Crime prevention Panel and National Smallholder Farmers Association of Malawi.

Unlike in Nyambyumba where there was already a high level of farmer organization, activities in Katundulu started with a participatory diagnosis and community mobilisations. A visioning process was carried out aimed at facilitating the farmers to come up with a common vision for the development of the village. The vision has two broad elements, improving household food security increased productivity and crop diversification and increasing incomes through better markets for existing products and high value market options. This was implemented in partnership with Department of Agriculture Research Services (DARS) and Lilongwe Agricultural Development Division (LADD). From this visioning process, the community organised themselves into a club called "Tigwirane Dzanja Club" which literally means, "Let us hold each other's hand." The community observed that it was difficult to disentangle itself from their food insecurity and markets problem through individual efforts and therefore decided to join hands in order to learn together and share ideas and experiences.

In partnership with DARS and LADD, the community was taken through the rural agro-enterprise development process, starting with participatory diagnosis, market opportunities identification and enterprise selection, farmer participatory research. Due to issues of group organization, the group was also trained on group dynamics and leadership, gender and HIV / AIDS. The community then selected committees namely: the main committee (which also served as the participatory monitoring and evaluation (PM&E) committee); participatory market research (PMR) committee; farmer participatory research (FPR) Committee; and livestock committee.

The PMR committee together with CIAT and LADD facilitators carried out market assessments in different markets including open air markets, city markets, hotels, schools and other institutions to identify market options and to understand market requirements. Compared to Nyambyumba, this community had relatively low experience in markets and had not previously engaged purposely in markets other than occasional sales of surplus produce and tobacco sales which are highly regulated. From the market studies, the group analyses the results using profitability analysis and evaluated the options using a set of criteria. From the analysis, two enterprises were selected, beans which was already commonly grown in the area but only for subsistence and pigs which were a new enterprise and which farmers did not having prior experience with.

For the pig enterprise, the community started with 10 sows (female pigs) and 2 boars (male pigs). The 10 sows were distributed to 10 households out of 35 households and it was agreed that after farrowing, two female piglets would be passed on to two different households as a form of repayment. Before the start of the enterprise, farmers were trained on pig production, pig feed formulation, pig construction, disease and pest management. Two types of pig markets were identified, local markets for piglets where the main market was other farmers and NGOs that were willing to buy pigs for their livestock distribution projects, and a meat processing factory that was then importing pork from Brazil. Profitability analysis was carried out for each of these markets. Being a new enterprise, farmer participatory research was initiated to test different options for pig feeding, and growing of different replacement options for substitute feeding such as pigeon peas, soy beans and potato vines.

While the farmers have been very successful in supplying the local and NGO piglets market, there have been challenges in supplying the processing factory due to stringent quality requirements such as specific weight for age ratios that farmers are currently unable to meet. One of the biggest challenges has been dry season feeding for pigs where when there is great competition between pigs and families. As a result of this, the piglets market has provided attractive options since piglets get disposed off within the first month of birth thus avoiding the heavy feeding requirements. At the moment, the farmers can not meet the piglet demand in the country. Pig production has now become a common activity in the village with all households having pigs, some households having as many as 14-20 pigs at any one time.

Due to the capacity built, the farmers have become trainers of other farmers in the country. Every piglet sale to NGOs is accompanied by training which is provided by the farmers themselves at a fee.

Selected results and lessons

Incomes and Gender

There is evidence of increased incomes from the application of the rural agro-enterprise approach with average earnings per household being higher in sites where the approach is being implemented compared to other sites in both Uganda and Malawi. Between 2003 and 2005, Nyambyumba farmers sold 287,425 kg of potatoes to Nandos, with a value of US\$ 92,550,850 Shillings (50,000 US Dollars) an amount that is way beyond average household incomes in the region. In Malawi, households in sites where the approach is being implemented have an average income of USD 2.5 compared to the national average of less than a dollar a day. They have more sources of income (an average of 3) compared to their counterparts who have an average of one source of income.

The integration of gender in the approach has resulted in more equity in the sharing of benefits for some of the enterprise crops compared to other traditional cash crops such as tobacco (see Figure 2). There are however other gender implications, as the crop becomes more and more commercialized, the income share of women is reducing although the absolute amounts of money that women get is increasing. This is the typical trend in beans in Malawi where the income share of women is going down as the crop shifts from a traditional subsistence crop managed by women to a more commercialized crop with formal markets. These trends are shown in Figure 3.

Figure 2. Percentage share of income going to women from various crops

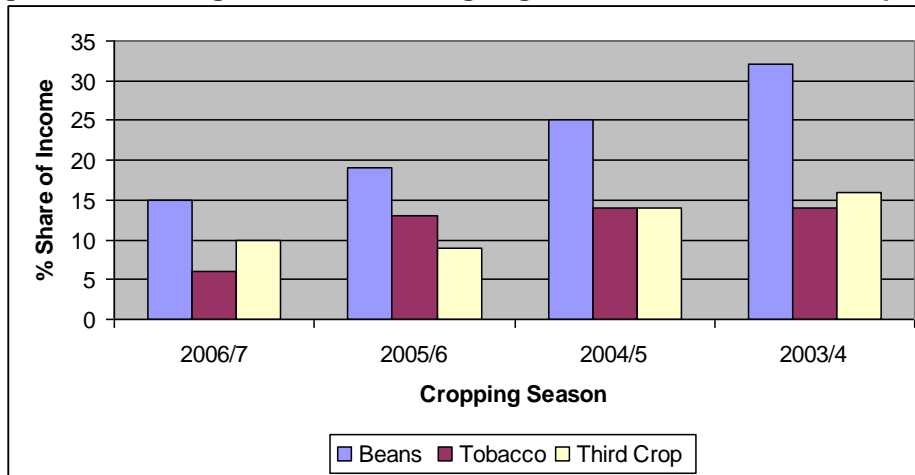
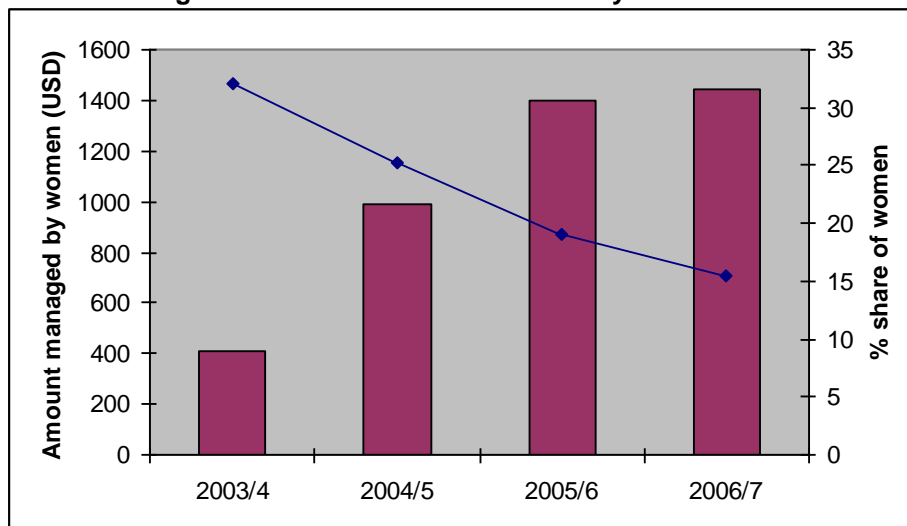


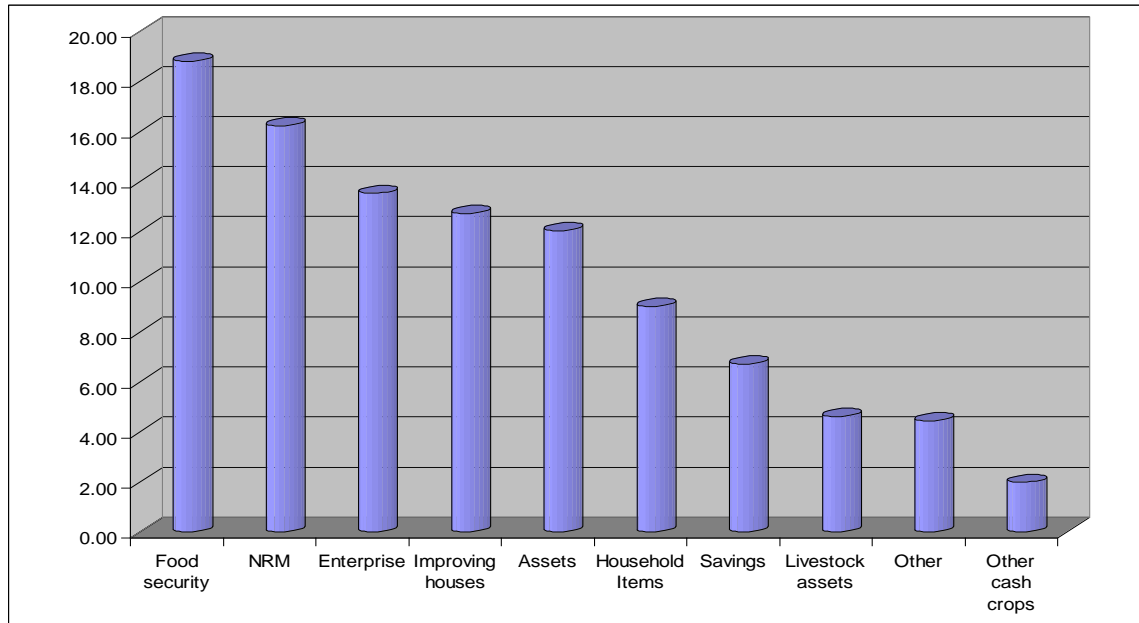
Figure 3. Trends in income control by women



Farmer investment decisions with increasing market linkages

Investments in natural resource management and improved technologies have varied between countries. In Malawi where poverty levels are higher, a lot of investments have gone into improving food security and the accumulation of household assets as well as improving living conditions such as construction of better housing. Investments in fertilizer use in Malawi are also high due to the reliance on fertilizers especially for maize and tobacco production. In Uganda on the other hand, there is emphasis on improving living standards and purchase of land due to the readily available land market. Figure 4 shows household investments in Katundulu with priority investments in food security and natural resource management which in this case is mainly soil fertility management.

Figure 4. Household investments from linkages to markets



The role of social capital

Whilst collective action or forming farmer groups is recognized as an almost essential means of making learning more efficient, for receiving external support and to achieve economies of scale, simply being in a group is not sufficient to be successful in the marketplace. There is for example growing evidence that farmer groups which are formed hastily with little reference to building mutual trust, accessing new technologies and linking to markets tend to fail through lack of benefits, (Sanginga et al 2004). Collective production for example has generally failed due to lack of incentives but if effective market linkages are built into it, farmers have the incentives to participate. In groups, farmers are also able to meet the large volumes required by the market. This however poses challenges especially in terms of quality control and accountability. Dedicated and committed leadership is a vital ingredient if farmers groups are to access and maintain links to markets, this is particularly important when dealing with higher value markets as increased risks, means that partners need to be more vigilant to ensure that problems are solved as they emerge. As groups take on more financial risks and increase their physical and financial assets, governance and transparency are essential to success. The region is reminiscent with co-operatives, savings and credit societies and farmer associations that were once successful but then failed due to financial mismanagement. Much of the problems in the co-operative movements are put down to political manipulation by government bodies and therefore it is essential that groups are owned by farmers and that decisions are made by them.

From preliminary analysis, observations are that being in groups enabled farmers to convert social capital into human, natural and financial capitals. Being an established group with several years of experience is an important factor in influencing market performance. However, social capital is not evenly distributed and there are significant gender differences in distribution and access to benefits from social capital

Conclusions and recommendations

In an attempt to put farmers first, the use of participatory learning approaches have been very crucial for building the capacity of farmers themselves to understand and analyze markets, to identify challenges and opportunities and deal with them using participatory research that draws on new information and indigenous knowledge. Farmer participatory research has provided an avenue and for feeding in new ideas and technologies from research into the process without a top down technology dissemination. Using participatory approaches also has strengthened the prospects of sustainability in new interventions as the farmers become part of the learning and decision making process, rather than just being

recipients of information and technologies. The use of participatory approaches to identify market opportunities and enterprise selection rather than prescribing markets and products is especially critical for empowering farmers and creating ownership of the process in rural communities. In strengthening social and human capital, PMR should encompass proactive strategies to ensure gender equity and farmers' empowerment, so that farmers can access and benefit from market opportunities and technologies and be agents of change.

Building capacity in service providers to link farmers to markets is a long term process. Depending on the level of sophistication required, this can take 2-3 years. Farmer groups are particularly prone to dynamic situations and therefore to build in a degree of analysis and responsiveness, an iterative process, of learning by doing, which allows farmers to test new ideas and react to positive and negative outcomes. Similarly, retaining the knowledge within a local service provider has proven to be problematic in both Uganda and Malawi, due to high turn over of staff especially in the NGOs and short term nature of projects. Investments in the national research and extension services and institutionalization of the approach into their national programmes has ensured continuation and expansion of the approach especially in Malawi

All markets carry risk and prices of agricultural products are particularly volatile. Risks increases as produce and market value increases and therefore farmers need to be fully aware of their exposure and ability to deal with financial risk. Contrary to the common view that farmers are risk averse, the Nyabyumba farmers were very risk prone, seeking to link with a high value market, taking on debt and investing in high value capital assets such as purchase of transport trucks. In the case of Malawi, taking on a relatively new enterprise was very risky and a step by step implementation starting from a very low scale helps to build farmer confidence in managing the enterprise.

The evidence from these two case studies clearly shows that it takes a combination of many skills to enable farmer groups to identify and maintain market links. One of the overriding factors from this case study is the importance of strong collaboration between research, development and business support service providers that provide technologies, services, capacity building to keep the farmers competitive in the market place.

While this approach has been very effective in reaching small groups of farmers, there are challenges on how to scale this out to reach more than a handful of farmers. Of particular importance is how to link these community micro-level processes to higher macro-level processes where market opportunities and institutional conditions may offer better opportunities for small-scale farmers. These community level processes should therefore be complemented with promoting efficient market institutional innovations and support services such as microfinance, market information systems, business services, pricing policies, input marketing, extension advice, and rural infrastructure that make markets work for poor smallholder farmers.

The program is utilizing various approaches to scaling out. One is the formation of learning alliances with research and development organizations that are currently working on linking farmers to markets. Through this, the approach can then be implemented on thousands of farmer groups that these organizations are working with. In Malawi, a learning alliance with a consortium of seven NGOs has enabled the approach to spread to seven districts in the country. The second approach is the institutionalization of the approach in national research and extension systems and this has started in Malawi and will be the next emphasis in Uganda and other countries. The third approach is the use of networks of farmer groups or second order farmer associations. These are becoming increasingly popular in the region and in Uganda we are currently adapting the approach for implementation in Second Order Associations especially the emerging farmer field school networks. Research is underway way to analyze what kinds of farmer organizational models will be appropriate for scaling out such approaches in order to achieve wider impact.

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