

## **Linking Smallholder Farmers to Markets in East Africa**

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Source: Mountain Research and Development, 24(4) : 288-291

Published By: International Mountain Society

URL: [https://doi.org/10.1659/0276-4741\(2004\)024\[0288:LSFTMI\]2.0.CO;2](https://doi.org/10.1659/0276-4741(2004)024[0288:LSFTMI]2.0.CO;2)

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# Linking Smallholder Farmers to Markets in East Africa

## Empowering Mountain Communities to Identify Market Opportunities and Develop Rural Agroenterprises

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The livelihoods of mountain farmers are often constrained by poor access to markets and limited entrepreneurial skills for adding value to produce. Research and development organizations have now recognized that improving market access and enhancing the ability of resource-poor mountain farmers to diversify their links with markets are among the most pressing challenges in mountain agriculture. What is not so obvious is how to link small-scale farmers in marginal areas to growth markets, and how to develop methods and approaches that effectively integrate research, market access and development of community agroenterprise. The pres-

ent 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. This approach, known as Participatory Market Research (PMR)—a component of the Enabling Rural Innovation (ERI) initiative—is being implemented and further refined by the International Centre for Tropical Agriculture (CIAT) in collaboration with research and development partners in Uganda, Malawi, and Tanzania.

### Key principles and steps

PMR is a community-based approach in which rural communities become active partners in identifying market opportunities and developing profitable agroenterprises. It is based on a territorial approach to agroenterprise development, in which options are selected by rural communities based on their assets and opportunities (Figure 1). It is different from the commodity approach in which markets and enterprises are prescribed by government services, NGOs or the private sector. PMR is implemented in accordance with the following key steps:

#### Step 1: Building strategic partnerships and selecting pilot sites

The first step in PMR 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 PMR. A key consideration in selecting partners is institutional commitment to learning and scaling out to other communities and development partners in the region. It is critical to build the capacity of partners in the ERI methodology and train market facilitators.

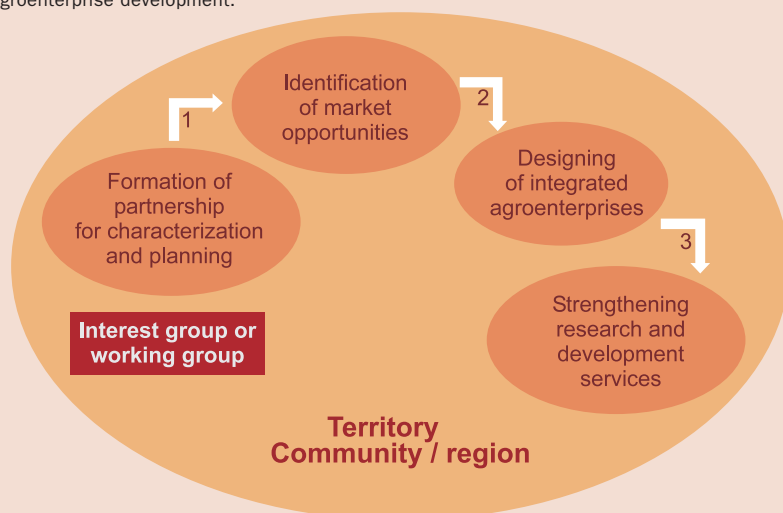
#### Step 2: Participatory diagnosis (PD) and community visioning

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. A practical framework for undertaking PD is the sustainable livelihood approach focusing on community assets and opportunities rather than on problems and constraints. Visioning helps farmers and communities to realize and understand the potential for change, and the forces that can facilitate or constrain change. This helps to develop and evaluate a preliminary list of enterprise options for community income generation.

#### Step 3: Formation of PMR groups

Rather than working with individual farmers or entrepreneurs, PMR aims to

**FIGURE 1** The methodology of the territorial approach to agroenterprise development.



strengthen existing groups and facilitate the formation of new groups, consisting of men and women who represent their communities. Market groups have important functions and impacts in PMR, such as enhanced efficiency, relevance, effectiveness and equity, increasing bargaining power and economies of scale, and accessing research, extension, and other support services. 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. The PMR group scrutinizes the preliminary list of enterprise options developed during the PD stage.

#### Step 4: Market and enterprise visits

It is important to organize visits to major markets (Figure 2), 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. In some cases, it is also essential to facilitate "look and learn visits" to farmers who have been successful in marketing their products.

#### 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. A participatory

cost–benefit and risk analysis helps to compare different options suitable for the community. It is important to encourage groups to select more than one enterprise option, while taking account of gender and equity principles.

#### 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 (Figure 3). This involves testing and evaluating improved crop varieties and livestock breeds, pest and disease management, better soil fertility, livestock management, and other improved agronomic practices.

**FIGURE 2** A market visit in Salima, Malawi. (Photo by Pascal Sanginga)



**Step 7: Design and implementation of agroenterprise projects**

The experimentation stage leads to selection of appropriate options for managing enterprises. The use of participatory techniques such as visioning, mapping, and focus group discussion is important in establishing a long-term vision of enterprises, ensuring ownership of the process, and designing a set of activities and actions required by farmers and service providers. Participatory mapping and visioning of the entire resources-to-consumption chain facilitates identification of market outlets and their requirements in terms of volume and quality, frequency of sales, prices and terms of payment, post-harvest requirements, transportation, consumption, and stakeholders that can help achieve a more competitive, profitable, and sustainable production system.

**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 entrepreneur-

ial 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. Efforts geared towards strengthening and building more inclusive and equitable farmers' organizations and other local institutions are needed to foster collective action in production and marketing, and increase economies of scale, efficiency, and the competitiveness of community agroenterprises. Policy advocacy is required to make markets work for poor farmers in marginal mountain areas.

**FIGURE 3** Farmers' Research Groups visit their experimentation plots in Lushoto, Tanzania. (Photo by Pascal Sanginga)



## Critical success factors and lessons learnt

Mountain farmers often live in marginal areas with poor market access and related constraints such as poor infrastructure, distance to major cities and markets, and small plots of fragmented and degraded farmland with no dominant farming system. Lessons learnt from the application of this project approach in eastern and southern Africa suggest that such farmers have the capacity to access market opportunities and develop profitable and sustainable enterprises.

However, success in linking farmers to markets requires a number of interrelated facilitating factors:

- Developing sustainable community agroenterprise for mountain farmers is a relatively long and intensive process that requires effective facilitation by a number of partners, with shared visions and commitments.
- The use of participatory approaches to identify market opportunities and enterprise selection—rather than prescribing markets and products—is 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.
- It is important to facilitate market visits in order to broaden farmers' horizons beyond what they already know or are already producing, by exposing them

to different situations and opportunities. The evaluation of a portfolio of options to achieve balanced objectives for profitability, sustainability, and equity is of strategic value in balancing income generation and food production needs.

- Because of the risks involved in marketing and agroenterprise development, farmer experimentation helps to reduce such risks and build local capacity to solve problems, by combining scientific expertise with local knowledge.
- The success of PMR is highly dependent on the development of effective quality partnerships with research and extensions systems, NGOs, business support services, and farmer communities. However, considerable efforts are still needed to forge effective partnerships with the private sector, business services, and high-level policy and government institutions.
- Although individual case studies show promising signs of success and robust results at the community level, the greater challenge lies in linking micro-level community processes to higher macro-level processes where market opportunities and institutional conditions may offer better opportunities for small-scale farmers. The challenge is to create conditions under which national market initiatives can support and benefit poor, small-scale farmers under marginal conditions. These include 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.

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## ACKNOWLEDGMENTS

ERI ("Enabling Rural Innovation") is a multi-institutional research for development initiative, carried out in partnership with national agricultural research and extension systems, and NGOs in eastern and southern Africa. Financial support from the Belgian Department of International Cooperation and the Canadian International Development Agency (CIDA) is acknowledged.

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