



**BRIEFING
NOTE 16
ON:**

Impact on the Ground from Market Access

Learning how to improve small holder farmers' access to markets started in August 2005 following training courses for AMSDP staff and beneficiaries in: a) how to facilitate face-to-face action learning in market chain development; and b) how to share local experiences using the LLL online learning support service. In March 2006, after eight months of learning-by-doing, those involved came together and assessed the impact of their work on market chain development. In what was in effect just one season they reported very significant increases in the volume of marketed crops and incomes due to better market access.

More than doubling production in just nine months

The increases in volume of crops marketed, shown in Table One, were achieved through various means. In some cases farmers planted more area while in others better husbandry and more inputs resulted in increased yields. This was certainly the case for new or recent crops like Safflower, Mushrooms, Sunflower, Paprika, Peas and Beans in Mufindi. Even more remarkable were the increases in marketed volumes of maize and wheat in Songea, Mbeya, Mbinga and Rungwe where droughts were experienced. These increases were due to a combination of greater areas planted and more of the harvest share going to market than before. The doubling and sometimes quadrupling of marketed volumes in just one season demonstrates how responsive small holder farmers can be when they are assured of a market and a fair price. Not reported in this table is the experience of coffee growers in Songea who uprooted their coffee to plant pigeon pea for which they had a contracted buyer. Previously coffee had been left to rot because markets had not been found for them or prices had been unacceptably low.

Table 1. Changes in Marketed Volume of Various Commodities by Producer Groups in Eight AMSDP Districts August 05 to March 06.

Crop	District	Farm Nos	Market Volume in tons			
			Before	After	Diff	+ %
Rice	Mbozi	103	44	100	56	127%
Rice	Songea	909	1,438	2,979	1,541	107%
Coffee	Mbozi	161	176	267	91	51%
Wheat	Mbinga	73	82	105	23	28%
Mushrooms	Hai	108	0.002	0.008	0.006	300%
Safflower	Hai	156	0.0	19.2	19.2	
Sunflower	Hai	146	2.8	11.2	8.4	300%
Beans	Mufindi	30	0	15.6	15.6	
Beans	Rungwe	84	19.0	43.0	24	126%
Paprika	Mufindi	30	0	2.2	2.2	
Potatoes	Rungwe	165	42.1	127.1	85.0	201%
Bananas	Rungwe	79	79.0	453.0	374.0	473%
Pineapple	Rungwe	80	63.0	160.0	97	153%
Maize	Songea	119	357	494	137	38%
Maize	Mbeya	67	2,000	3,450	1,450	72%
Maize	Rungwe	30	4.0	23.0	19	475%
Peas	Rungwe	23	4.0	13.0	9	225%

Nearly two million USD more earned in just nine months

Increases in the volumes of commodities going to market have resulted in dramatic increases in gross income for producers and other key players in the market chain as shown in Table Two below. It is important to acknowledge here the role of other factors that contributed to the increase in crop prices and hence incomes. These include the shortage in supply of many commodities due to drought conditions during the previous year and the introduction of a warehouse receipt system in some of the districts. Producers got better prices because the warehouse receipt system and formation of SACCOS enabled them to store their crops and sell directly to bigger players in the market chain like processors and wholesalers when prices were higher than those offered at harvest time. Producers in Songea were able to sell much larger quantities of rice directly to Dodoma Transport Company at the slightly higher price of 685Tsh per kilo rather than 635Tsh. They sold their maize at 173Tsh per kilo compared to their old price of 119Tsh. In Hai district producers got higher gross incomes because they were marketing commodities they had not sold before. In the case of Safflower 156 producers earned thirty two thousand US dollars alone selling directly to the processor/exporter Quality Food Products Ltd.

Table 2. Changes in Producer Gross Incomes for Various Commodities August 05 to March 06.

Crop	District	Farm Nos	Gross Income million Tsh			
			Before	After	Diff	+ %
Rice	Mbozi	103	6.7	20.0	13.3	198%
Rice	Songea	909	914.4	2,040.6	1,126.2	123%
Rice	Nkasi	67	0.45	1.20	0.75	167%
Coffee	Mbozi	161	297.5	464.0	166.5	56%
Wheat	Mbinga	73	12.30	18.90	6.60	54%
Mushrooms	Hai	108	0	0.31	0.31	
Safflower	Hai	156	0	38.4	38.4	
Sunflower	Hai	146	5.6	22.4	16.8	300%
Maize	Songea	119	42.8	85.7	42.9	100%
Maize	Mbeya	67	702.4	1,331.7	629.3	90%
Maize	Nkasi	75	0.18	0.45	0.27	150%

Taken together the AMSDP district core groups from seven districts, shown in Table Three below, managed to increase, in just one season, the gross income of the producer groups they support by 1.8 million US dollars. Net incomes are likely to have increased proportionately as input use did not increase dramatically. Selling much larger volumes of grain, like rice and maize, to big wholesalers, as has happened in Songea, brought the biggest absolute gross income increases. Producers in Hai showed that new niche crops like mushrooms, safflower and sunflower can also give sizeable income increases.

Table 3. Reported Increase of Turnover of District Core-Group Customers

District	Million Tsh
Mbozi	186.0
Mbinga	8.51
Hai	80.3
Songea	1,169.1
Mbeya	734.1
Arumeru	0.565
Nkasi	1.02
Total of Districts =	2,179.6
<i>(1\$ = 1,200Tsh)</i> USD =	1,816,329

These figures only show the income increases received by producers and not the incomes of other key players in the market chain. We expect that further analysis would reveal that wholesalers, like Mohamed Enterprises and Dodoma Transport, and processors, have increased their incomes through increased trade volumes and significant savings in transaction costs.

Better access to markets for small farmers

Small farmers' access to markets has increased substantially over the last nine months. Arumeru district core group estimate that there has been a 54% increase in farmers with access to markets. Babati core group estimate an increase of 35%. Several districts report specific instances of access to new markets as the examples below show.

- Four groups have managed to access the market in baby corn with the MIM project Gomba Estate, Arumeru District.
- Endavukai and Olkokola groups have marketed Artemisia to Techno Serve, Arumeru District.
- Five farmer groups in Mudio village have identified markets for tomato variety Tanya, Hai District.

- Thirty six group members of Magadini village are linked to produce Mushrooms for Shoprite super market, a link that will benefit other 120 mushroom producers from Shrimugungani, Wanri and Mungushi villages, Hai District.
- Nineteen farmers from Shirinmugungani village are linked to produce Flower Seeds for Mauwa Arusha Company, Hai District.
- Forty six farmers from Magadini groups are linked to produce safflower for Quality Food Company, Hai District.
- Producers of rice, beans, groundnuts and beef cattle are linked to the market by big buyers like Fida Hussein from Mbeya town, Mbarali District

Greater access to markets usually starts with better access to market information. AMSDP district core groups and the producer groups they support have invented many different ways to increase farmers' access to market information beyond the radio and 8/8 shows. Most districts improved access to market information through use of billboards built in the village. Farmers use mobile phones to get updated information from the district market monitor and put it up on the billboards in the villages. These data enable them to have more bargaining power with buyers coming to the village. Many farmers have better access to markets and have improved market information by using SMS and cell phones. Formation of market research committee with wide spread of knowledge of market information from village to District and national markets like Kariakoo and Tandale in Dar es Salaam. Poorer farmers increase their access to market through using group-owned mobiles which are used to communicate with buyers and transporters.

The pioneering district core groups have invented new ways for producers to access markets and market information. They have learned:

- How to negotiate deals with big traders or processors
- How to organize or start a Warehouse Receipt System and SACCOS
- How to establish and operate a network of market centres in the District
- How to start marketing new commodities
- How to operate a system with Mkulima Shushushu or market scout
- How to form and strengthen District core groups and farmer client networks

It is the rapid development of all these good practices that has assisted small farmers benefit from increased market efficiency by removing cheating and lowering transaction costs. Access to warehouses and savings and credit societies provided small holders with foundations on which they could negotiate better prices and realize the benefits of added values and higher quality products. In under a year AMSDP district core groups have learned on-the-job that they can improve small farmers' access to markets with dramatic effect for the farmers they serve.



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