



**BRIEFING
NOTE 21
ON:**

Testing an Operational Strategy for Learning How to Improve Small Holder Farmers' Links to Markets

Poor Links to Markets

Most small farmers cannot get linked to markets at all. When they do their ignorance is exploited, so they do not get a fair share of the final consumer price. Lack of information and lack of power at the negotiation table (or effective exclusion from it) leaves them open to exploitation by other players in the market chain and particularly unregistered 'petty' traders. Farmers often respond to low prices by cheating which only adds further inefficiencies to marketing. Without better links to markets small farmers have very little chance of ever getting themselves out of poverty and staying out. Beyond the 'one-off' success story nobody really knows how to do this sustainably. However, many do know that for effective market linkage 'know-how' to emerge the principle players on the ground – farmers, market chain actors, service providers, and development managers in government, NGO's and donor projects will have to invent what works for them in their locality and in their specific circumstances. Filling the market linkage 'know-how' gap will require a great deal of on the ground learning by a great many local actors on how to profitably deal with each other to mutual benefit. Local learning must also include key players in market chains: the processors and wholesalers, as well as the development managers in government offices and in donor projects.

New Market Access Service Enterprises

Over the last four years some two hundred local learners: farmers leaders, service providers in district councils, NGO's, Unions and farmer field schools, across Kenya, Uganda and Tanzania have been using the LLL methodology to improve small farmers access to agricultural services including marketing services. In 2006 many of those 'local learners' participating in the IFAD supported FAO-Farmer Field Schools, AMSDP-Firstmile and Knowledge Management Strategies projects came together in a series of assessment workshops where they observed that where small farmers had access to locally relevant market intelligence and brokering services their links to markets significantly improved.

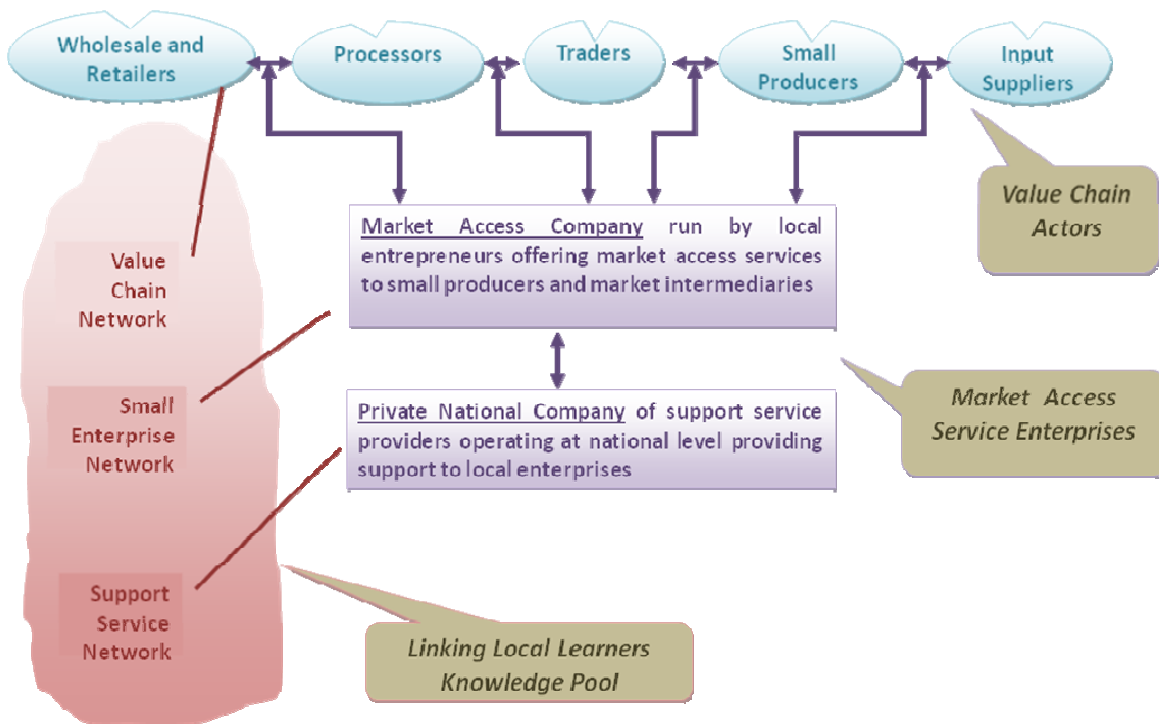
The recent FAO RKN workshop provided an opportunity for these local learners to further develop an operational strategy for the needed learning to occur. They envisaged key players in the market chain collaborating together made possible by the information and brokering services of a local, private, commercial Market Access Company (MAC). The operations of the MAC were in turn made possible by the back up or support services of a Private National Company (PNC).

The MAC offers brokering, organizing, negotiating and market intelligence services to producers and other market intermediaries (wholesalers and processors in particular) at the local level. The MAC is a commercially viable entity at the "District" level that is careful to avoid being drawn into trading itself in order to build the required trust-relationship with all players and become an honest broker. The main asset of the company is its network of trustful relationships which allows it to explore and develop a wide range of commodities and services for its clients. Services are not restricted to farming and could include ICT access through rentals of mobile phones and laptops as well as solar panels to charge batteries for mobiles, lights and laptops. The PNC is a backup company at the national level that will provide services to the MACs to be commercially successful. Services would include finding market opportunities, arranging financing and facilitating learning and operational research. The PNC is expected to be a commercially viable company, but will probably be a good private partner for Public Private Partnerships with public agencies.

Operational Strategy to Link Farmers to Markets

The emergence of these new market access service companies at local and national level will require a lot of 'learning-by-doing' under real commercial conditions. Therefore, farmers, intermediaries in market chains, and service providers in MAC's and PNC's all need to engage in action learning and peer-to-peer exchanges. This will require intense mentoring to ensure dynamic exchanges not only between peers on the same network but also between networks operating from local to national levels. The operational strategy envisages that action on the ground will be triggered by the demand among market players for services to link up and exploit opportunities for more efficient market chains. The MACs then provide these services locally and the PNC provides services to the MACs to be able to do so. The whole network of services is informed through a Rural Knowledge Network which allows everyone to use the 'Linking Local Learners' knowledge pool to learn their way to fill the market linkage 'know-how' gaps.

Operational Strategy for a Rural Knowledge Network



Testing the Strategy

Over the next two year the local learners in Kenya, Uganda and Tanzania using the LLL methodology will test their operational strategy for improving small farmer links to markets. The 'know-how' gaps they have identified for themselves forms the learning agenda for this test as follows.

Farmers and other key players in the market chain need to learn how to:

- Collaborate rather than cheat to improve efficiency along the market chain.
- Develop trust between key players built on price discovery.
- Incorporate value adding technologies along the market chain.
- Communicate on time sensitive market intelligence.

Entrepreneurs in local service provision need to learn how to organize themselves to offer services on a commercial basis in the following areas:

- Exploring new crops, markets and value adding technologies.
- Organizing the collection, bulking and storage of produce and distribution of inputs.
- Convening key players for collaboration along the market chain.
- Brokering deals on crop sales, input supplies and links to sources of financial and technical support.
- Informing clients on market intelligence and facilitating peer exchange and learning.

Consultants in national support services need to learn how to organize themselves to offer services on a commercial basis in the following areas:

- Informing on market intelligence from national and international sources.
- Analysing market opportunities and innovating better procedures for cost effective service delivery.
- Identifying and meeting capacity building needs of local service providers.
- Ensuring good public relations making local services known locally and nationally.
- Exploring financing sources from private and public agencies including operations of private-public-partnerships.
- Networking to ensure documentation and exchange of experiences for learning across all participating local service provider enterprises.

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