



**BRIEFING  
NOTE 23  
ON:**

**Learning Agenda for Operating Market Access Companies**

**Market Access Companies**

Market Access Companies (MACs) are small commercial enterprises that operate in rural areas roughly the size of a district. They are owned by the operators themselves and offer their clients services to: a) get better access to local, national and international markets; b) access locally relevant market information and intelligence; c) access suitable financial sources for R&D and for loans, and d) collaborate with all key players along the market chain for more efficient marketing. Small farmer organizations and market intermediaries buy the companies' services because of its unique:

- Focus on small holder farming families.
- Independence as a broker to key players in the marketing chain.
- Transparency for all players along the chain.
- Fair trade and price discovery between key players.

Over the next twelve months local learning groups using the LLL service in around forty districts in Kenya, Uganda and Tanzania will be exploring how to set up and run Market Access Companies. The pioneers have developed the following learning agenda to guide the development of their companies.

**Market Information Boards**

Information boards have been identified as the key for launching the information network of a MAC for being able to broker the deals between producers and buyers of various commodities and products. Info boards can also become a conduit of information for a wide range of locally relevant information. Info boards are set up at local markets and central district town markets where many people regularly go for trading their products and buying things. They are managed by "board managers" who live and work at the

locations of the billboards, and thereby ensure daily supervision and updating. They are crucial for the MACs to be able to grow their network throughout their area and thereby be in a position to broker between large dealers, producers and local transporters for bulking operations and quality control. Such brokering is the backbone of the MAC business. The learning agenda for MACs to set up and run such info boards explores the following questions:

- What does an info board look like and how can it evolve from simple beginnings?
- Who operates it on the ground and how is ownership arranged?
- What are the efficient and effective mechanisms of ensuring updated commodity price information that is locally relevant?
- What kinds of advertisements can be attracted and how to approach such potential clients?
- How does it work out financially in a way that there is a sufficient incentive for info board managers to keep their boards updated, attractive and effective?
- How can MACs maximize the use of info boards for arranging and servicing deals for time-sensitive bulking operations?

**Brokering Deals**

The backbone of the MAC business is identified at present to be the brokering of deals between large traders, producers (individuals as well as groups or associations and cooperatives), processors and transporters. MACs need to learn how to broker such deals in an effective, reliable and transparent way in order to build the trust with and among all players along the chain. This requires a very open information strategy that counteracts the prevailing system of hiding information that creates a general environment of distrust. MACs need to stay clear of becoming an interested party in any operation along a chain, ie. avoid becoming a trading link in the chain, and truly remain independent brokers approachable by all players along the whole chain. The learning agenda for MACs to broker successful deals explores the following questions:

- How to approach traders/processors and negotiate bulking deals that are interesting for local producers to contribute to?

- How to successfully organize the information flow to and from producers and transporters for such deals to become successful for all involved on a win-win-win basis?
- How to ensure that the deals remain entirely transparent to all players, thereby building a reputation for the MAC as an independent and trustworthy broker?
- How to discuss with various key players their bottlenecks/headaches in marketing?
- How to bring producers and market players together and let them explain to each other the bottlenecks they face?
- How to facilitate arrangements among players along a chain so that they can help each other and mutually support each other to fairly maximize and stabilize their profits?
- How to analyse the “headaches” and devise solutions that the MAC can provide as a service that clients are glad to pay for?
- How to judge what levels of commissions to accept from their clients?
- How to manage the risks associated with the income streams?

### Income Streams

MACs need to develop early income streams that will on the one hand help them build their business while on the other require as little initial capital investments as possible. They need to first concentrate on income streams that they can easily manage, no matter how small they may be. This allows them to build their operational competence and capacity while building their network of clients. They must aim for early successes that build their reputation as trustworthy brokers who can ensure a transparent win-win-win for all players. The challenge will be to change peoples behaviour: At present market players try to maximize their own profits when dealing with their partners. Players will cheat and misinform in their fight for profit margins against each other. A MAC must change this behaviour and show that a service based on full transparency can increase the profits of all players along a marketing chain. The commissions a MAC can make are directly dependent on the profits its clients can make. All clients must feel confident that the deals are fair for everybody along the chain, so that they will continue to make their deals via the MAC. So this means a switch to a genuine ‘fair trade’ service to all players. Fair trade is one of the unique selling points of the MAC. A further reason why clients go to the MAC is because they do not ask for payments before they provide their service. They will only take their commission after the deal is successful. If there is no success, the clients don’t have to pay. No success, no commission, is another unique selling point for MACs. This means MACs must learn to explore what are the “headaches” which the producers, traders, processors, wholesalers and consumers have for improving their businesses, and devise “aspirins” for such headaches. The learning agenda for MACs to develop income streams explores the following questions:

### Linking Local Learners

Most local learning groups using the LLL service are at present in the formative phase of designing their companies and registering them. Various options are being explored with regard to composition and ownership. Each MAC will have to be designed to fit its particular situation in its district, but exchange will help a lot to avoid repeating mistakes and learn from interesting arrangements. Local learning groups in the districts involve not only farmer associations and services providers, private, public and NGOs’, but also Farmer Unions, Farmer Field Schools and IFAD supported programmes like NAADS in Uganda and AMSDP in Tanzania. Local learners currently using the LLL service at [www.linkinglearners.net](http://www.linkinglearners.net) are supported by IFAD through the Agridea Firstmile project, FAO Rural Knowledge Network project and Traidcraft Market Services Development project.

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