

Highlights

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Linking farmers to markets : the Nyabyumba potato farmers in Uganda

For farmers in south-western Uganda and neighbouring Rwanda, round or Irish potatoes are mainly grown as a food security crop. Farmers typically sell ungraded potatoes at the farm gate and, due to lack of organisation and limited storage facilities, the bulk of the harvest is sold at peak harvest times. Consequently farmers receive low prices and there have been few incentives for investment in the sector. However, with the rapid expansion of urban areas, particularly Kampala, food habits are changing. This is creating new market options for better organised farmers. One such farmers' group in Kabale district is selling graded, high quality potatoes directly to a fast food outlet in Kampala. To meet the stringent quality parameters for this contract, the farmers have introduced several innovations at the technical, organisation and marketing levels. Making these changes has been possible through effective support from both research and development services and the ability of the farmers' group to invest in new options through their newfound income.



CIAT's agro-enterprise team provided a local service provider with staff training in "market facilitation" and technical marketing assistance in developing a new potato enterprise.

The Nyabyumba farmers' group

The Nyabyumba farmers' group is located in the highlands of Kabale district, Uganda. The group started in 1998 as a farmer field school focussing on seed potato production. They became a member of the Uganda National Seed Potato Producers' Association (UNSPPA) in 1999 and, for several years, successfully produced and sold potato seed. In 2002, demand for potato seed began to fall and the group sought assistance from the Regional Potato and Sweet Potato Improvement Programme (PRAPACE) to seek alternative market options. CIAT's agro-enterprise team provided a local service provider, the NGO Africare, with staff training in "market facilitation" and technical marketing assistance in developing a new potato enterprise. The process was conducted in 3 phases:

1: Planning and preparing for the market

The farmers' group worked with Africare's market facilitator to study the changes in demand for potato, current production status, profitability, organisational strengths and the types of support they could obtain from their research and development partners. A marketing team was established, which comprised members of the farmers' group and service providers.

2: Market chain analysis and agro-enterprise design

The marketing team conducted a market chain analysis to assess the conduct and performance of actors and services involved in producing, handling, and

selling potatoes to various market outlets. This study identified several market opportunities for potatoes in Kampala. One of the most promising was 'Nandos', a multinational fast-food



Figure 1: Example of a map of the existing potato production and marketing chain in Kabale, drawn by Nyabyumba farmers' group.

restaurant, which buys 5 to 10 tonnes of potatoes every month. Based on their initial analysis, further meetings were held with Nandos staff to undertake a cost-benefit analysis and confirm the viability of direct sales. Using participatory methods, such as market mapping (see Figure 1), and results from the market survey, the farmers and service providers developed an action plan.

3: Establishing the enterprise

Having developed their plan, the marketing team returned to Kampala, with their market facilitator to negotiate contractual terms with Nandos. This included aspects such as: price, variety, volume, quality, frequency of supply and terms of payment. To meet these specifications, the farmers group had to make several changes and face several challenges:-

Financial: The group had to open a bank account, as payment was by cheque. For the first 3 months, the farmers used their own resources and had borrowed US\$ 3 million (\$1,600).

Organisational: A management committee was formed and members received basic training in record keeping and accounting.

Communication: To overcome the communications problems related to living in remote upland villages, the group purchased a mobile phone. This was vital in maintaining links with Nandos and transport companies.

Consistency of supply: The farmers made changes to provide a regular monthly supply through a combination of: adopting new varieties; staggered planting; planting in wetlands; using drip irrigation; building stores and buying potatoes from other farmers when their stocks were low. Through these means the group managed to deliver a total 76.5 metric tonnes (mt)

of potatoes to Nandos at a value of US\$ 24,052,176 (US\$13,000) between July 2003 and April 2004.

Quality: The farmers learned how to sort and grade their potatoes. Failure to meet the grade was a costly exercise for them, but over the first 8 months the level of rejects fell from as high as 80% to less than 10%. By December 2004, the farmers were consistently supplying potatoes that met Nandos' stringent quality requirements.

Experimentation: To achieve this performance, the farmers adopted micro-irrigation in upland areas, which improved the quality of off-season tubers. To synchronise production members have taken on strict planting schedules. Farmers also dehaulm the crop prior to harvesting, which reduces tuber moisture content and extends storage life. The experimental work was supervised by specialists from the National Agricultural Research Organisation of Uganda (NARO).

Impact: By May 2005, the farmers group has expanded to a membership of 120 members, 80 of whom are women. They have supplied 190 mt of potatoes to Nandos, bringing their income to US\$ 60,000,000 or approximately US\$ 33,000.

Conclusions

The Nyabyumba farmers' enterprise is now more firmly established-although they face many challenges, they are seeking to develop strategies for growth. The group's experiences demonstrate that:

- A market orientation enables smallholder farmers to successfully link themselves to higher value markets, but the process requires long term support from research and development partners.
- This approach enabled farmers to increase their income and to invest in better agronomic practices. Women played a key role in developing and sustaining the business.
- Access to innovations at critical points in the enterprise process are vital to success.
- Enterprises must be based on the analysis of sound technical and economic information.
- Participatory approaches permit farmers to achieve a better understanding of the challenges faced by each actor in the market chain.
- Farmers can gain confidence by consolidating relationships with their buyers.



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